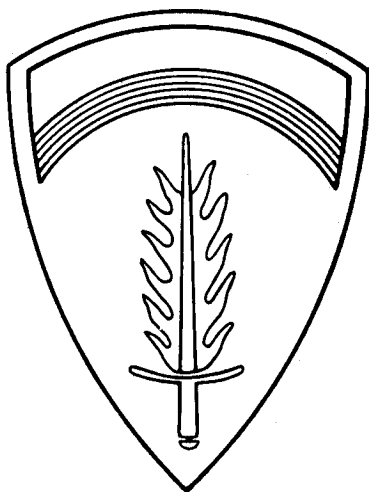


THE EMPLOYMENT OF LOCAL NATIONALS BY THE U.S. ARMY IN EUROPE (1945 - 1966)



**HQ, U. S. ARMY, EUROPE AND SEVENTH ARMY
OFFICE OF THE DEPUTY CHIEF OF STAFF, OPERATIONS
MILITARY HISTORY BRANCH
1968**

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by

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FOREWORD

Over the last 22 years local national employees have played a very important part on the U.S. Army team in Europe. The purpose of this study is to provide a fully documented account of the policies and procedures applied to their employment since the end of World War II. After describing the wartime policies in conquered territories, the monograph traces the changes in concepts prevailing during the military occupation of Germany, Austria, and Italy. It covers the transition to host government relationships in the various NATO countries in which sizable elements of the U.S. Army have been stationed, and explains significant developments in trade union and Army management relations. Unique organizations, such as the labor service units, are analyzed in detail.

In preparing this study, Mr. Bruce H. Siemon and Mr. Roland Wagberg researched mainly the historical files of USAREUR headquarters. The authors were handicapped by gaps in information caused by the absence of any records of headquarters other than USAREUR or its predecessors.


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INTRODUCTION

The exploitation of prisoners of war, and indeed the reduction of captured civilian populations to a state of slavery, undoubtedly trace their origins to the dim prehistoric dawn when man first raised his hand against his fellows. Similarly, the use of hired civilian labor to augment the manpower resources of the active armed force is by no means a modern phenomenon.

In the United States military tradition the use of civilian labor began during the Revolutionary War, when the Continental Army hired civilians to drive the wagons of the transportation service and even to drive the artillery horses.¹

Similar practices continued throughout the history of the United States Army: In the Seminole War of 1840 it employed over 1,000 civilians in the supply system in Florida; the engineer, quartermaster, and other supply and service branches employed large numbers of civilians during the Civil War; and the picturesque "Indian scout" of the movies was but one of a large number of civilians hired to support the Army in the frontier campaigns of the 1870's and 1880's.²

The first employment of foreign personnel, or "local nationals" as they came to be known in the 20th century, was in 1846, when during the Mexican War the U.S. Army hired Mexicans to drive the mules of the supply trains. It continued the practice in the Philippines during and after the Spanish-American War of 1898 and in China during the China Relief Expedition of 1900.

During World War I the General Purchasing Agent of the Army Expeditionary Force (AEF) communications zone (COMZ) established a labor bureau in Paris (later relocated to Tours) to handle arrangements with the French Government concerning the recruitment and employment conditions of French civilian personnel needed to support the U.S. forces. Shortly before the Armistice, on 31 October 1918 these civilian employees totaled 47,700.³

¹J. M. Huston, The Sinews of War: Army Logistics, 1775 - 1953, (Washington, D.C., 1966), p. 35.

²Ibid., pp. 120, 170, 256 - 69.

³Ibid., pp. 143, 287, 303, 365, 385.

Despite such precedents, the experience of World War II and the following 22 years in Europe remains unique in the annals of the U.S. Army. The improvisations of the past have given way to a complex and well-organized system for managing and administering a large and relatively stable permanent work force comprising tens of thousands of foreign nationals in several European countries.

It is the intent of this monograph to examine the immediate circumstances of employing local civilians in Europe. The more far-reaching significance of that employment -- its economic, political, sociological, and psychological impact upon the nations of western Europe -- lies beyond the scope of this study.

CHAPTER 1

THE TRANSITION FROM COMBAT TO OCCUPATION

JUNE 1944 - SEPTEMBER 1945

1. Organizational Developments

The last year of the war and the first half year of the occupation of Germany found the U.S. military forces in the European theater facing unexpected situations and problems. The German populace was not as hostile as had been anticipated, and the need for a large and aggressive army of occupation did not materialize. Further, the actual needs for civilian personnel were greater than anticipated, and the available sources of labor proved disappointing. Finally, the plans developed to obtain, employ, and administer civilian personnel -- first in liberated and then in occupied areas -- did not always work out in practice, so that the entire period was one of improvisation and rapid adjustment to conditions encountered as the armies advanced.

To avoid confusion, it may be well to discuss the military organization in the European Theater. During the period of hostilities an allied headquarters -- the Supreme Headquarters, Allied Expeditionary Force (SHAEF) -- had overall responsibility for military operations on the Continent. Subordinate to it was a U.S. theater headquarters known as European Theater of Operations, U.S. Army (ETOUSA). Even before the invasion, there had been general agreement among the Allies to divide Germany into zones of occupation, but the invading armies did not, of course, adhere to occupational zones during their advances. Thus, one of the first steps after the cessation of hostilities was to consolidate the U.S. forces in their assigned zone of occupation. By mid-July all U.S. troops had withdrawn from other zones to the U.S. zone of occupation in Germany and the U.S. sector in Berlin. In the meantime, on 1 July ETOUSA had been redesignated U.S. Forces, European Theater (USFET), and two weeks later SHAEF was dissolved.

During the second half of 1945, USFET developed U.S. occupation policies and procedures and redeployed units and personnel to the Pacific and the United States, moves which in turn occasioned the hiring of additional civilian personnel.¹

2. Civilian Personnel Policies

a. In the United Kingdom. Even before the United States had entered World War II, the so-called Special Observer Group, composed of U.S. military personnel, had employed a number of British civilians. In the early months of U.S. involvement in the conflict the United States hired additional British civilian employees, but ETOUSA first formalized official policy on the subject on 31 July 1942. This directive provided that the U.S. forces would procure local nationals through the British War Office, which would also administer and pay the employees. However, U.S. agencies would continue to administer and pay the personnel already employed in existing U.S. headquarters. The Lend-Lease Act of March 1941 provided among other things that foreign governments could repay the United States for aid received by any means of direct or indirect benefit to the United States that the President deemed satisfactory, and in July 1942 the U.S. War Department directed ETOUSA to exploit such reverse lend-lease -- later known as reciprocal aid -- to the maximum. An exchange of diplomatic notes between the U.S. and British Governments in September 1942 confirmed and formalized the reciprocal-aid provisions of the Lend-Lease Act and called for the British Government to provide articles, services, and facilities.²

Thus, as early as 1942 the U.S. Army had developed precedents for two features of its employment policy that were to continue in most subsequent arrangements made with Allied countries: The pattern of leaving administrative functions to the agencies of the countries involved, and the reliance on reciprocal aid for payment of civilian employees.

b. Preliminary Planning for Operations on the Continent. Using its experiences in the United Kingdom as a basis, in 1943 the U.S. Army began planning for the procurement and use of civilian labor on the Continent. In May 1944 ETOUSA decided to use local civilian labor to the greatest extent possible for all

¹The Occupation Forces in Europe Series, Troop Basis and the Disposition of Forces, First Year, pp. 1 - 10.

²The Local Procurement of Labor and Supplies, UK and Continental (hereafter cited as Local Procurement), Part X of the Administrative and Logistical History of the ETO, USFET Hist Div, March 1946. OCMH MS SC No. 360019, pp. 3, 10 - 13.

appropriate tasks consistent with security. ETOUSA applied this policy primarily to Allied or neutral personnel, because the employment of enemy nationals was restricted by the Hague Convention of 1907.³

The directive also established the principle of categorizing labor as static or mobile, depending on whether personnel worked in the area of their residence or moved to locations away from their permanent homes to meet specific military needs. The U.S. Army would pay static employees but would assume no responsibility for clothing, feeding, or sheltering them. Conversely, it would feed, clothe, and shelter mobile laborers organized into military-type units -- the basic "Mobile Labor Company" consisting of 300 laborers supervised by a U.S. cadre of 5 officers and 23 enlisted men.

The terms of written contracts for static and mobile workers specified their periods of continuous employment and payments at regular intervals. So-called emergency static labor, hired under oral agreements to accomplish specific limited tasks, were paid upon project completion.

As early as August 1943 the SHAEF Chief of Staff had stated as a matter of policy that the Allied armies would conform as closely as possible to local wage scales and employment conditions on the Continent, but the U.S. authorities had made no attempt to establish any wage scales at that time. The ETOUSA directive of May 1944 reaffirmed this principle. At the same time, the Communication Zone (COMZ) Advance Section established guidelines for the employment of civilians in France. They divided labor into four classes of skill and two geographic zones, with wages ranging from a minimum of 7 Francs (approximately 14 cents) per hour for an unskilled worker in a community of less than 20,000 population to a maximum of 16 Francs (32 cents) per hour for a very skilled worker in a community of more than 20,000. As a basic principle, new male workers received the minimum wages and women 75 percent of the basic wage. The workweek would consist of six 8-hour days.⁴

³ETOUSA SOP 29, Procurement, Utilization and Administration of Civilian Labor in Liberated or Occupied Territories, 26 May 44, cited in Local Procurement, pp. 78 - 79.

⁴Local Procurement, cited above, pp. 82, 87 - 89.

The preinvasion policy guidance was vague as to the precise relationships between U.S. military elements and local civilian authorities. Nevertheless, the ETOUSA directive of May 1944 provided that civil affairs detachments would assist the Engineer, who was responsible for procuring labor, in his relations with local authorities. Significantly, the directive called upon the civil affairs elements to rely upon local governmental agencies "where possible," suggesting that ETOUSA was skeptical of the prospects of finding effective operating agencies in the liberated countries. However, the injunction to rely on local agencies again indicates the basic American desire to leave the administration of foreign civilian employees to national authorities.⁵

c. Initial Policy for the BENELUX Countries. In the fall of 1944, long before the Allied armies reached the borders of Belgium, the Netherlands, and Luxembourg (the BENELUX countries), SHAEF provided preliminary guidance for the employment of civilian labor in those areas. As in the case of France and the United Kingdom, SHAEF anticipated that the governments of the liberated countries would pay Allied civilian employees under reciprocal aid and that national agencies would assume administrative responsibilities. SHAEF published a preliminary wage guide for the Netherlands in June, and a similar guide for Belgium in July. These guides were intended for reference purposes as estimates of current wages in the countries rather than as definitive statements of Allied policy. The guides foresaw approximately the same terms as those applied in France -- a 6-day, 48-hour workweek; payment at scales existing in the area, with overtime at appropriate rates; the employment of both static and mobile workers; and the provision of one meal per day to static workers if necessary and logistic support of mobile workers.

In the case of Luxembourg, SHAEF entered into a formal agreement with the Grand Duchy on 20 July 1944. The agreement called for the procurement, administration, and payment of static civilian employees through local government agencies.⁶

d. Policies for Civilian Labor in Germany. The Hague Convention of 1907 provided, among other things, that "services shall not be demanded from municipalities or inhabitants except for the needs of the army of occupation. They shall be in proportion to the resources of the country and of such a nature

⁵Ibid., pp. 80 - 81.

⁶Ibid., pp. 114, 127, 131.

as not to involve the inhabitants in the obligation of taking part in military operations against their own country."⁷

ETOUSA's May 1944 civilian personnel policy provided for the employment of enemy nationals only as involuntary civilian labor or as voluntary labor in "special circumstances."⁸

These provisions were further restricted by SHAEF's policy concerning displaced persons. During World War II Germany used large numbers of prisoners of war (PW's) and forced laborers to offset a labor shortage. As of June 1944 SHAEF estimated that there were over 7.7 million such "displaced persons" (DP's) in Germany, and the Allied command considered that they would form a lucrative civilian labor pool.⁹ Displaced persons were to have priority of employment in occupied Germany, and German nationals might be employed only if no displaced persons were available.¹⁰

It thus appears that SHAEF did not anticipate the employment of significant numbers of volunteer German workers, although it expected the large-scale employment of involuntary German labor. ETOUSA's policy directive on civilian labor in Germany -- published in October 1944 and based on earlier SHAEF memorandums -- called for procurement of involuntary German civilian labor by requisition from local German labor offices or community officials. The U.S. forces would pay these workers directly in cash, but German agencies capable of administering and paying civilian employees would have to take over this function whenever possible. Although the directive also included a tentative wage scale, it keyed wages to rates prevailing in Germany before the entry of Allied forces and stipulated that German employees were to receive minimum wages for any given employment category, whereas displaced persons were to receive the maximum rate.

e. Summary. Despite minor variations from country to country, the U.S. Army's policy with regard to civilian employees in the United Kingdom, the liberated countries, and areas to be occupied in Europe had four basic characteristics. First, as a matter of principle the Army intended to employ civilians to the greatest extent possible consistent with security -- presumably in order to release military personnel for their primary mission of combat.

⁷The Employment of German Nationals by the Office of the U.S. High Commissioner for Germany, Hist Div, Ofc of Executive Secy, Ofc of the U.S. High Com for Ger, 1952, p. 1.

⁸ETOUSA SOP 29, 26 May 44, cited above, pp. 78 - 79.

⁹The Occupation Forces in Europe Series, First Year, Displaced Persons (hereafter cited as Displaced Persons), pp. 1, 3 - 4, 7 - 8.

¹⁰The Occupation Forces in Europe Series, First Year, Manpower: Its Procurement and Use (hereafter cited as Manpower, 1st Yr), p. 170.

Second, the Army had no wish to become involved in the mechanics of procuring and administering civilian personnel and proposed to leave these responsibilities to the appropriate governmental agencies of the liberated countries and to require German agencies to perform them. Third, although prepared to pay foreign civilian personnel if necessary, the Army preferred to obtain their services free, either under reciprocal aid from the Allied countries or as required support from the Germans. Finally, there was no intention to employ Germans except as involuntary laborers under the terms of the Hague Convention; for other civilian labor requirements in occupied Germany the Army planned to rely primarily upon displaced persons and to employ Germans only as a last resort.

3. The Employment of Allied Nationals

a. In the United Kingdom. As was noted above, the U.S. forces employed some British civilians directly and others through U.K. agencies under reciprocal aid. Employees paid directly by the U.S. forces received wages that were 15 to 20 percent higher than those administered by the British, but had to pay their own contributions for social insurance, taxes, and workmen's compensation.¹¹

The character of the work force changed with the passage of time. During 1942 and 1943, the period of buildup in Great Britain, most of the employees were laborers, with only a limited number of clerical personnel and guards. For example, at the peak of employment in May 1943 over 68,600 out of 78,126 employees were laborers. Thereafter the number of laborers declined steadily, while administrative personnel and guards increased. Thus, on 1 August 1944 there were over 1,200 guards, almost 11,000 clerical and administrative personnel, and but 28,400 laborers.

Similarly, the ratio of U.S.-paid to reciprocal-aid employees declined steadily over the period in question. On 1 May 1943 only 7,700 out of 78,000 were reciprocal-aid employees, whereas 16 months later 19,500 of the 40,400 employees were paid by the British Government. By the end of January 1945 the British paid 17,663 of the total 18,144 employees.

¹¹Local Procurement, cited above, pp. 15 - 16, 133 - 35.

b. In France. Almost immediately after D-day the U.S. Army began hiring both skilled and unskilled French civilian personnel to support military operations. The records show that four days after the initial landings the Provisional Engineer Special Brigade hired 37 civilians to salvage scrap at OMAHA Beach. They received rations but no pay, and presumably the military commander hired them directly as "emergency static labor" only for the specific task of clearing scrap.¹²

SHAEF and ETOUSA policy called for hiring personnel through French labor offices that were to work in conjunction with military civil affairs offices. However, it was not until 29 June, two days after the capture of Cherbourg, that the first French labor office reopened in liberated France began to recruit personnel for the U.S. forces.

In the meantime, as early as 15 June -- only 9 days after the invasion -- the British had suggested revising the preliminary wage guide so as to permit the payment of family allowances in addition to basic salaries. On 6 July SHAEF directed that allowance payments begin not later than 1 August. At the time the U.S. Army was paying and administering its civilian employees, but the French Provisional Government agreed to assume the responsibility for calculating family allowances and deducting taxes. The U.S. forces would submit copies of their civilian payrolls to the appropriate French offices and would transfer to them amounts equalling 10 percent of the total payroll for family allowances and other social benefits.

In the same month SHAEF negotiated a new wage scale with the French Provisional Government and directed its implementation on 31 July. The new scale was keyed to six geographical zones and six grades or categories, ranging from unskilled labor to highly skilled professional-type workers. The scale lowered basic wages, but the addition of allowances offset the reductions.¹³

The next change in labor practices came in late September 1944, when the French Ministry of Labor agreed to administer and pay all civilian employees of the Allied armed forces in France except U.S. and British citizens. The changeover was

¹² (1) Ibid., p. 61. (2) Manpower, 1st Yr, cited above, p. 167.

¹³ Local Procurement, cited above, pp. 91 - 92, 101 - 104.

gradual, with the French first assuming responsibility for social insurance, workmen's compensation, and family allowances, while the U.S. forces continued to meet payrolls and to make income tax deductions. Between December 1944 and February 1945 French agencies became fully responsible for administering civilian employees of the Allied forces in Paris and eastern France, including control over the wages and working conditions of these employees.

The U.S. forces experienced difficulties in recruiting and retaining personnel because industrial employers circumvented wage restrictions by offering employees meals, bonuses, and other inducements not controlled by wage restrictions. It was for this reason that late in November 1944 ETOUSA authorized the establishment of messes in which civilian employees might obtain a noon meal at a cost of only 10 Francs (20 cents). Nevertheless, the U.S. military administrative area that included Paris reported that in December the increasing discrepancy between wages in French industry and those paid by the U.S. Army caused an employee turnover of almost 100 percent.¹⁴

c. British Civilians on the Continent. Originally, the U.S. Army authorities had not planned to employ British labor on the Continent, believing that military personnel and the continental labor resources would be sufficient. The first indication of a need for British civilians on the Continent came when the Publicity and Psychological Warfare Section reported that its operations were so specialized that it could not eliminate the British civilians. After a survey SHAEF decided to retain British civilians as publicity and psychological warfare, marine superintendent, technical, and Red Cross personnel during the early stages of military operations. Approximately 615 specialized personnel were in these categories.

The British Government set a limit of 1,000 persons for employment with the U.S. forces on the Continent. At the time, the two major U.S. headquarters at Cheltenham and London were employing more than twice that number, and their continuing requirements after relocation would probably exceed the availability of personnel. Accordingly, except for a limited number of personnel needed in special activities, ETOUSA authorized only

¹⁴(1) Ibid., pp. 105 - 111. (2) Manpower, 1st Yr, cited above, pp. 165 - 67. (3) R. G. Ruppenthal, Logistical Support of the Armies, Vol II, U. S. ARMY IN WORLD WAR II (Washington, 1959), pp. 475 - 79.

those two headquarters to employ British civilians on the Continent.

The policy guidance for the employment of British civilians, dated 11 August 1944, authorized the move of key specialists for whom no qualified military or local civilian replacements were available. Employees would normally be between 25 and 45 years of age; their initial period of employment would be six months, with the understanding that they would receive no leave for return to the United Kingdom within that time except on compassionate grounds. The minimum salary was \$780 per year.

The British civilians on the Continent came under the jurisdiction of the articles of war and had to purchase and wear a prescribed uniform. They had to pass a medical examination by U.S. medical officers who used the same standards as for enlistment in the U.S. Army. Further, the British civilian employees were issued appropriate identification cards and granted access to Army Exchange facilities.

Since British laws did not permit unemployment insurance and workmen's compensation coverage for personnel outside the United Kingdom and territories, the U.S. forces extended the provisions of the U.S. Employee's Compensation Act of 1916 to British civilians employed on the Continent.

ETOUSA began processing British civilians for continental duty in early August 1944 and approved 494 of the 701 candidates. In September they arrived in France by air.¹⁵

d. The BENELUX Countries. Allied forces entered Belgium on 2 September 1944 and by 19 September had advanced far enough so that the COMZ Advance Section could begin operations in the country.¹⁶

On 18 September ETOUSA reached formal agreement with the Belgian Government and a month later, on 17 October, published a directive formalizing the terms of local national employment. It called for local Belgian agencies to administer, and for the Belgian Government to pay (under reciprocal aid) the local nationals employed by the U.S. forces. Since the SHAEF wage

¹⁵Local Procurement, cited above, pp. 176 - 80.

¹⁶ (1) Ibid., p. 114. (2) Ruppenthal, op. cit., Vol II, pp. 479 - 80.

guide of July was inadequate, the Belgian authorities were to establish official wage rates. However, the Government neglected to establish nationwide rates or guidelines, so that the U.S. forces had to make local arrangements on a case-by-case basis. And, although Belgium was supposed to begin paying U.S. employees on 15 October, local agencies often lacked the necessary funds. Accordingly, on 31 October ETOUSA authorized the use of U.S. appropriated funds to pay Belgian civilian employees if Belgium was unable to do so.

Six months later, on 7 March 1945, ETOUSA published a revised directive detailing the provisions governing employment of local nationals in Belgium. Local authorities would procure all civilians required by the U.S. forces and would assume full responsibility for the administration and payment of these employees, who would thus actually be employees of the Belgian Government. This procedure corresponded to the so-called indirect hire category that is still in use today in certain areas of Europe.

The U.S. using agencies retained supervisory control over their Belgian employees and submitted weekly time sheets, but they had neither responsibility for nor control over employment practices, policies, or wages. In addition to wages, civilian employees of hotels, messes, and hospitals received three meals per day, and commanders could furnish other static employees a noon meal if required. The appropriate Belgian agencies deducted the costs of meals from wages.

Whenever local Belgian offices were unable to administer and pay civilian employees, U.S. agencies might hire and pay civilians directly. Even in such instances, however, the U.S. forces did not accept responsibility for the administration of social insurance, family allowances, or workmen's compensation. The employing element merely furnished copies of its payrolls so that the Belgian agencies would have a basis for computations.¹⁷

In March the Belgian Government announced that it would organize a division within its office of Mutual Aid to administer the pay of Allied employees. By the end of the month the Belgians were paying the wages of 46,195 employees under reciprocal aid. The Belgian Government also made significant progress in assuming administrative responsibility during March and April. By the end of April it had established nationwide

¹⁷ (1) Local Procurement, cited above, pp. 114 - 15, 117 - 19.
(2) The available sources do not indicate the provisions made for reimbursements of costs of civilians paid directly by the U.S. forces.

wage guides in consultation with representatives of civilian employers and labor unions. It also revised labor practices to meet the unique requirements of military employers and established regional committees of government and trade union representatives to negotiate the required standards.

Because the liberation of the Netherlands was slow, until the end of 1944 the U.S. forces had to administer and pay civilian employees. In early January 1945 ETOUSA declared that the U.S. forces would continue to carry out these duties until the local authorities could assume them. The U.S. forces would not, however, accept any responsibility for the administration or payment of social insurance, family allowances, or workmen's compensation. As in the case of Belgium, the U.S. forces first established rates of pay and conditions of employment in conjunction with local authorities. As the Netherlands administrative machinery began to function again, local authorities gradually began to administer and pay civilian employees.

A September revision of the initial agreement between SHAEF and the Grand Duchy of Luxembourg formed the basis for the ETOUSA policy published in October 1944. As in the case of the other countries, local governmental agencies procured, administered, and paid civilian labor. The local agencies also had the authority to determine wages and conditions of employment, and the agreement specifically forbade the provision of meals to employees except to those working in hotels, messes, and hospitals. In January 1945 this agreement was modified slightly to permit the provision of meals under the same terms as in France, Belgium, and Holland.¹⁸

e. The Role of Displaced Persons in Liberated Countries. Before the invasion SHAEF had prepared detailed plans for the handling of refugees and displaced persons. These plans envisioned the rapid movement of such civilians groups through the lines to rear areas so as to keep the combat zone clear. During the first 90 days following D-day there was little contact with displaced persons, the great majority of civilians encountered being indigenous refugees whose only desire was to return to their homes as quickly as possible. The local economy was able to absorb the refugees and most of the displaced persons, so that in western France the U.S. forces needed only a few collection centers or camps for displaced persons.

In the fall, however, as the advancing armies reached eastern France and Belgium, the number of displaced persons increased significantly. SHAEF's directives called for army-group

¹⁸ Local Procurement, cited above, pp. 125 - 29, 131 - 32.

and army commanders -- working in conjunction with civilian agencies of the liberated nations and with the United Nations Relief and Rehabilitation Administration (UNRRA) -- to collect displaced nationals of western European countries and to furnish them transportation to their homelands. Because the impassable combat zone separated the liberated areas of western and eastern Europe, the U.S. forces assembled displaced persons from eastern European countries in collection areas to await the cessation of hostilities and an opportunity to return to their homes.¹⁹

The U.S. forces employed a number of displaced persons in eastern France and Belgium during the fall, but precise details are lacking. The first available figures reveal that approximately 9,000 of the 77,000 civilians employed in the U.S. forces' communications zone as of 1 January 1945 were displaced persons. Approximately 3,000 of these worked in northeastern France and the BENELUX countries; the remainder were in western and southern France. Both male and female displaced persons were employed, the majority of females being Russian.

It is obvious that displaced persons were both static and mobile workers, for the total of displaced persons employed exceeds the total of mobile workers, and the sources are clear that at least some of the mobile workers were displaced Russians.²⁰

There is no indication in the records that there were any special provisions for the employment of displaced persons in liberated countries, so it must be assumed that they were paid at the rates and worked under the conditions prevailing in each country for native civilian employees. Whether all the Allied governments paid displaced persons under reciprocal aid is also not clear. However, as previously mentioned, the French agreed to pay under reciprocal aid all civilian employees of the Allied armed forces except for U.S. and U.K. citizens. Moreover, the governments of the liberated countries had overall responsibility for the care -- transporting, clothing, sheltering, and feeding -- of displaced persons within their territories. These two pieces of

¹⁹ Rept of Gen Bd, U.S. Forces, European Thtr, Study Nr. 35, "Displaced Persons, Refugees, and Recovered Allied Military Personnel" (hereafter cited as Gen Bd Study 35), pp. 3 - 5, 12 - 16.

²⁰ Local Procurement, cited above, pp. 98 - 100; 152 - 56, passim.

evidence combine to suggest that in all probability the Allied governments paid displaced persons employed by the U.S. forces in the same manner that they paid their own citizens.²¹

f. Employment Categories in the Liberated Countries.

ETOUSA's preinvasion plans had placed considerable reliance upon mobile labor. This type of labor would be able to move whenever necessary, and -- unlike prisoners of war -- would not require guarding by U.S. military personnel. ETOUSA estimated in June 1944 that it would require 13,400 mobile and 36,500 static personnel in July, for example, and that by September it would need 15,350 mobile and 22,600 static workers.

In reality, however, mobile labor fell far short of expectations, while there were far more static workers than originally estimated. Several factors contributed to this development: For one thing, more than enough people were available for recruitment as static workers, and there was no need to move laborers to places of shortage. In addition, the U.S. forces found that local civilians were reluctant to join mobile labor units, so that the pool of potential mobile workers consisted primarily of displaced persons. Finally, shortages of transportation limited the employment of mobile labor.

Thus, statistics reveal that there were no mobile workers at all in July 1944, only 911 in August, and at no time in 1944 more than 4,350. Conversely, from September 1944 onward static labor always exceeded the early estimated requirements, and the December 1944 total of 63,400 static employees was more than double the anticipated requirement for 25,000.

On 31 March 1945 Allied governments were paying more than 172,000 civilian employees of the U.S. forces under reciprocal aid. These included approximately 18,000 in the United Kingdom, 105,000 in France, 46,000 in Belgium, 2,500 in the Netherlands, and somewhat less than 1,000 in Luxembourg.

On 1 April the U.S. forces employed 5,286 mobile workers in liberated and occupied areas, indicating that the civilian employment trends that had developed in 1944 continued even after the borders of Germany had been crossed.²²

²¹ (1) Ibid., pp. 105 - 106. (2) For further information on displaced persons, see Gen Bd Study 35 and Displaced Persons, both cited above.

²² Local Procurement, cited above, pp. 100, 152 - 57.

4. Employment Practices in Germany

In the liberated countries the U.S. forces had three alternative sources of labor: prisoners of war, local citizens, and displaced persons. In Germany, however, there were immediate problems: During the period of hostilities security considerations precluded the introduction of prisoners of war into Germany or their retention in forward areas if captured in Germany; prisoners were thus virtually ruled out as a source of manpower. Further, the provisions of the Hague Convention limited the employment of German citizens.²³ Accordingly, ETOUSA intended to cover most of its needs for voluntary civilian employees by recruiting displaced persons liberated in Germany.

a. Requirements for Allied Civilian Employees. Since the United States decided to remove displaced persons from the combat area as quickly as possible, and transport them to their homelands, DP recruitment lagged behind anticipated numbers. Thus, SHAEF had to consider the possibilities of importing civilian manpower from liberated Allied countries into Germany. The question of transferring personnel across national boundaries had first arisen in the early fall of 1944, when U.S. elements desired to transfer into Belgium a number of interpreters they had hired in France. Since the Belgian Government would not assume the responsibility of paying these personnel under reciprocal aid, and the French apparently also refused to pay any of their citizens employed in foreign countries, ETOUSA authorized its units to pay French personnel ~~transferred~~ to Belgium. The problem became more acute in November, when two U.S. commands requested authorization to move civilian personnel from Belgium into Germany.²⁴

As of January 1945 SHAEF estimated that it would have to hire in liberated countries approximately 30,000 male and 14,000 female technical and clerical employees, plus over 36,000 male unskilled laborers for employment in Germany. In February the United States

²³ SHAEF's so-called nonfraternization policy, which forbade contact between members of the Allied armed forces and the German populace, also ruled out the employment of German personnel in positions where they would come into contact with U.S. personnel. (See The Occupation Forces in Europe Series, First Year, Fraternization with the Germans in World War II [hereafter cited as Fraternization], p. 33.)

²⁴ Local Procurement, cited above, pp. 139 - 40, 145 - 46.

began negotiations with the Governments of France, Belgium, and the Netherlands to secure agreements that would permit the U.S. forces to employ their nationals in Germany. Some field commands had already begun -- without any legal authorization or approval of the Allied governments -- to transport Allied civilian employees into Germany.

It was not until April that the Netherlands Government signed the first formal agreement to permit up to 2,000 of its citizens to accept U.S. employment in Germany. In the same month the Government of Luxembourg agreed to permit small numbers of its citizens to work for Allied forces in Germany.²⁵

In May the French Government refused to sign any agreement that would authorize the movement of its nationals to Germany for employment by the U.S. or British armed forces. However, the 2,300 French employees who had already moved into Germany with the advancing armies could continue their employment. Nevertheless, the closing of access to the French labor market blocked what SHAEF had anticipated would be the most lucrative recruiting ground for Allied civilian employees.

There were no further formal agreements concerning Allied civilian employees before the end of hostilities in Europe on 8 May 1945. In July the Belgian Government agreed to permit Belgian citizens already employed by the U.S. forces to transfer to Germany if they were over 21 years old, and in December 1945 the Danish Government informally agreed to the employment of approximately 1,000 of its citizens by the U.S. forces in Germany.²⁶

b. Terms of Employment. The U.S. forces in Germany paid Allied civilians from appropriated dollar funds and employed them under the terms and at the wage levels prevailing in their home countries.

One of the first problems encountered was the question of disposition of civilian pay. The French, Belgian, and Luxembourg employees were paid in German currency, and their governments refused to permit the exchange of Reichsmark for native currencies -- no doubt a result of the questionable value of the German currency. Since employees in Germany were thus unable to support their

²⁵ (1) Fraternization, pp. 34 - 36. (2) Manpower, 1st Yr, pp. 165 - 66. Both cited above.

²⁶ (1) Fraternization, p. 36. (2) Manpower, 1st Yr, pp. 167 - 69. (3) Local Procurement, p. 148. All cited above.

families at home, ETOUSA negotiated arrangements with France, Belgium, and Luxembourg under which their nationals employed in Germany received only a portion of their salaries in cash, with the remainder being credited to their accounts in their home countries.

Among common features applicable to all Allied civilian employees in Germany were the standard 48-hour workweek and payment on a monthly basis. In addition to national identification, all Allied employees carried U.S. documents identifying them as employees of the theater command. They were subject to national jurisdiction in disciplinary matters as well as to U.S. military regulations and courts martial while in Germany. However, the decision to try an Allied civilian by court martial was reserved exclusively to the theater commander.

Allied nationals accrued sick leave at the Civil Service rate allowed in the United States -- 15 days per year -- but annual leave accruals varied among the nationalities. The maximum accrual rate was that accorded British citizens, who received 26 days per year, as did regular U.S. civil servants.²⁷

In addition to paying their salaries, the U.S. Government billeted Allied civilians and fed them in military messes. They also had purchase privileges in post exchanges, were issued the uniforms that were compulsory for all civilian employees at the time, received cost-free medical care at U.S. facilities, and could use military postal facilities (but without the free mailing privilege extended to U.S. military personnel); they received no health insurance, unemployment compensation, or retirement benefits.

In order to make the employment conditions of all Allied nationals uniform, on 30 May 1945 ETOUSA adopted a "Standard ETO Contract for Employment of European Residents" that standardized the nation-by-nation arrangements and reconfirmed the conditions of employment outlined above. It specified an initial period of employment of six months' duration, with provisions for extension. An employee might terminate his contract before expiration only for compelling reasons, whereas the U.S. Army could terminate for cause or upon 2 weeks' notification. Employees released upon completion of contracts or at the convenience of the Government without cause were entitled to free transportation to the place of hire.

²⁷(1) Ibid., pp. 181, 187 - 89, 190 - 95. (2) Local Procurement, cited above, p. 149. (3) The Occupation Forces in Europe Series, Currency Control, 8 May 1945 - 30 June 1946, pp. 6 - 8, 15, 20 - 23.

The 1945 contract did not provide uniform pay scales for all nationalities. Not all pay scales for the period are available, but British clerical and secretarial personnel, for example, received between \$1,020 and \$1,380 annual salaries, plus subsistence and quarters allowances. Pay for other nationalities reportedly did not vary significantly from this scale.²⁸

c. Displaced Persons and German Nationals.

(1) Policy and Employment Trends. SHAEF's fraternization ban and policy of restricting German nationals to involuntary employment in nonmilitary tasks were both violated almost immediately. The first U.S. Army patrol entered Germany in the early evening of 11 September 1944, and on 21 October American forces captured the first major German city -- Aachen.²⁹ Shortly after the seizure of Aachen, the U.S. forces in that area employed German civilians in repairing roads, cleaning and repairing buildings, in some skilled trades, and as nurses' aides. Such employment, particularly insofar as labor teams to repair roads and clear buildings were concerned, was entirely in keeping with the Hague Convention, with SHAEF policy, and with accepted practice in the utilization of conquered civilian populations. In addition, within the first month after U.S. forces entered Germany the Military Government detachments at both Aachen and Kornelmunster had hired German women with a knowledge of English, who performed clerical work.

Since the need for civilian employees was increasing rapidly, and the available Allied and displaced persons did not meet the requirements, field commanders increasingly requested authority to employ German civilians. These circumstances led SHAEF to modify its policies in October 1944 to permit Allied forces to hire both skilled and unskilled German labor and 15 categories of clerical and supervisory white-collar workers.

Despite this liberalization SHAEF continued to restrict German employment to absolute necessities, and in January 1945 ruled against Germans being employed in post exchanges and welfare or recreational activities -- primarily because of the ban on fraternization. The British 21st Army Group protested that it had planned to employ some 20,000 Germans in "menial" positions associated with welfare activities, stating that other sources

²⁸ Manpower, 1st Yr, cited above, pp. 180 - 83, 186, 198 - 203, 249 - 56.

²⁹ C. B. MacDonald, The Siegfried Line Campaign, U.S. ARMY IN WORLD WAR II (Washington, 1963), pp. 3, 309 - 20.

of labor, and specifically displaced persons, could not meet the need. The field commanders ultimately had to refer the problem to the Supreme Commander, General Dwight D. Eisenhower, who at the end of February decided to authorize the employment of Germans in welfare activities so long as they were not permitted to come into contact with any troops except those directly involved in supervising their activities. SHAEF further authorized the use of skilled labor to the extent required so long as their conditions of employment conformed to the principles of the nonfraternization policy.

Shortly thereafter, on 1 March, a SHAEF memorandum apparently contradicted these terms and reverted to the earlier, more restrictive policy, specifying that field commanders might employ Germans in menial tasks only when absolutely required and after they had exhausted all other possible sources of labor.

The two sets of guidelines produced a difference of opinions within the SHAEF staff. All agreed to using Germans extensively in such activities as rubble clearance and even as skilled labor, for such employment would not affect the fraternization ban since only supervisory U.S. personnel would come into contact with the German employees. The difference of opinion centered primarily upon the employment of German nationals in post exchanges and recreational facilities or as domestics in quarters and messes -- where they obviously would come into frequent contact with military personnel. The SHAEF G1 preferred to avoid situations likely to present opportunities for fraternization; the G4, conversely, presumably because of the very real need to obtain adequate labor resources, argued that field commanders should have the authority to employ German civilians to meet their operational needs as they saw fit.

Consequently, in April 1945 SHAEF published another memorandum confirming the more liberal interpretation it had made in February. Specifically, although paying due heed to the fraternization ban, the new policy lifted the restriction of Germans to menial tasks and authorized their employment in professional and technical positions.

After the end of hostilities in Europe the restrictions against employment of German nationals rapidly disappeared. On 13 June ETOUSA authorized the employment of both skilled and unskilled German labor when sources of displaced persons were inadequate. In July USFET further authorized the employment of German civilians in the civil censorship program and permitted

the employment of German bands, orchestras, and entertainers in recreation facilities.

At the end of August the Army education program began using German instructors, but only to teach technical subjects. They were specifically excluded from teaching religion, philosophy, geography, history, government, economics, sociology, and **psychology**.

In the same month, apparently to limit the number of civilian personnel, the theater headquarters restricted the number of civilians to those already employed, U.S. military personnel discharged in the theater to accept civilian employment, U.S. specialists and technicians recruited from the United States, indigenous personnel, and displaced persons. The order of priority is curious and suggests that the theater command had abandoned the hope of employing significant numbers of Allied civilians and displaced persons.

In September, however, the priorities were realigned to restore displaced persons to a position ahead of Germans, but the complete abandonment of the nonfraternization policy on 1 October 1945 signaled the end of restrictive policies toward German employment.³⁰

(2) Terms of Employment. The wages and working conditions of DP and German employees were essentially the same. Allied regulations required appropriate German agencies -- labor offices or community officials -- to provide involuntary workers in response to requisitions from military commanders, but the German agencies were also responsible for procuring volunteer workers for the U.S. forces, although in the latter case they had to give recruiting preference to displaced persons.

The preliminary wage scale of ETOUSA's October 1944 employment directive established minimum and maximum wages for 4 categories of labor and 15 categories of clerical and administrative personnel, further graded into four zones based on the size of population centers. The rates for laborers ran from a minimum of 55 Pfennige (approximately 5 1/2 cents) per hour for an unskilled worker in a community of less than 10,000

³⁰(1) Manpower, 1st Yr, pp. 170 - 72. (2) Fraternization, pp. 33 - 34, 38 - 43. Both cited above. (3) The Occupation Forces in Europe Series, First Year, Vol 1, p. 116.

population to a maximum of 1.45 Reichsmark (14 1/2 cents) per hour for a highly skilled worker in the metropolitan area of Hamburg or Berlin. German citizens received the minimum rates, while displaced persons were hired at the maximum rate for any given employment category. The normal workweek consisted of six 8-hour days, with overtime paid at 125 percent of the normal rate.

When the COMZ Advance Section began operations in Germany early in January 1945 it found that the preliminary wage scale was considerably higher than the rates actually prevailing in the occupied area of Germany; it also had to adjust wage rates to discount the 21-percent German tax that would not be paid under the Allied occupation. Accordingly, ETOUSA revised wage rates to conform to those paid to German employees in public service and also revised work categories and geographic zones. Published in April 1945, the revised scale provided wages ranging from 50 Pfennige (5 cents) to 1 Reichsmark (10 cents) per hour for workers, and monthly salaries for clerical and administrative personnel ranging from 134 to 198 Reichsmark (\$13.40 to \$19.80).

All personnel paid the same contributions for social insurance, and the German agencies that prepared the payrolls deducted these contributions together with the employer's share. The German agencies also deducted charges for meals served; all static personnel received a noon meal in Army messing facilities, and those employed in messes, hotels, and hospitals received three meals. The food for displaced persons came from Army stocks, but only civilian supplies were supposed to be used to feed German nationals.

The April directive also authorized the provision of clothing and shelter to displaced persons, but it appears that these provisions benefitted only mobile workers, because static employees had to wear civilian clothing and received military clothing only to meet a specific need. Moreover, SHAEF directives on the care of displaced persons required German authorities to provide them with food, clothing, and shelter from German civil resources, so that the only logistic support furnished by the U.S. forces to static civilian employees would be the noon meal.

In the weeks immediately following V - E Day, the appropriate local U.S. Army elements continued to perform the administrative functions associated with the employment and pay of displaced persons and Germans working for the U.S. forces. On 9 August, however, USFET established new procedures.

Thereafter local German authorities -- normally the mayor of a city or an agent designated by him -- became responsible for administrative actions as well as the financing of the payrolls of U.S. forces' employees. Based on the time sheets prepared by the using U.S. agency, the German authorities prepared payrolls and made deductions and payments for contributions to health insurance, unemployment relief, taxes, and even pensions. Local treasuries funded payments that would ultimately be charged against the obligations of the defeated nation.³¹

(3) Increased Use of Mobile Workers. During the liberation of the Allied countries the U.S. forces employed far fewer mobile workers than preinvasion plans had foreseen. After entering Germany, however, the U.S. forces began to use a greater number of displaced persons in mobile labor units.

As the Allied armies advanced into Germany during the late winter and spring of 1945, they encountered more and more displaced persons. Those of the western European countries returned as quickly as possible to their homelands, but Soviet and other east European citizens had to await the cessation of hostilities before being able to leave. Moreover, under international agreement all other eastern European displaced persons had to await the complete repatriation of Russians before they could begin to leave the occupied zone. Thus, the command found itself with a large number of Polish, Latvian, Lithuanian, and Estonian displaced persons who would remain for an extended period in the occupied zones.

Unlike the permanent civilian residents of the liberated and occupied zones, the displaced persons were often willing to serve in mobile labor units, and as many as 4,300 had already been employed during the last quarter of 1944. Beginning in February 1945 the number of mobile workers increased steadily, and by mid-April there were over 10,000.

Since the U.S. forces were by this time using large numbers of prisoners of war organized into so-called Labor Service Companies (not to be confused with the later Labor Service units of civilian employees), it was necessary to furnish supervision and guards for these elements. At first American soldiers performed these tasks, but after the end of hostilities DP guard companies replaced them so as to free U.S. military manpower for more important tasks. The trend received

³¹(1) Local Procurement, pp. 133 - 39. (2) Manpower, 1st Yr, pp. 209 - 14. (3) Gen Bd Study 35, pp. 12 - 16. (4) Ruppenthal, op. cit., Vol 2, p. 481. All cited above.

added impetus during the summer of 1945 because U.S. troop strength was rapidly declining as a result of the redeployment of units and individuals to the Pacific theaters and to the United States. Most of the guard companies were Polish; they were composed of former military personnel who had been German prisoners of war, were organized along military lines, and were commanded by Polish officers. One or more guard companies would be attached to each U.S. military Labor Supervision Company headquarters. The latter, composed of 2 officers and 7 enlisted men, controlled the operations of PW Labor Service Companies (usually 2) and those of the Polish companies guarding them.

The Baltic displaced persons served primarily in technical labor units, rather than as guards. These units substituted for American technical service military units, such as quartermaster laundry and bakery companies, again releasing U.S. personnel for more important duties.

Displaced persons in organized paramilitary formations received billets and rations from U.S. resources and also wore dyed U.S. military uniforms in the performance of their duties. The guards, of course, were armed.

By the end of 1945 approximately 37,500 displaced persons were serving in organized guard or labor units and almost 14,000 more had been accepted for service and were awaiting activation of new units.³²

5. Summary

By the end of September 1945 the patterns for the future were fairly well established. USFET was employing third-country nationals in its zone of occupied Germany. It had established the pattern of employing eastern European displaced persons in paramilitary organized labor groups and had lifted all restrictions on the employment of German nationals. Thus, the categories of employment that would be of significance in the future were already in being; however, USFET had not yet been able to prepare administrative and funding programs that would meet the requirements of a peacetime situation.

³²(1) Ibid., pp. 176 - 77. (2) Displaced Persons, pp. 85 - 87. (3) Local Procurement, pp. 152 - 57. Both cited above. (4) The Occupation Forces in Europe Series, Reorganization of Tactical Forces, V - E Day to 1 January 1949, p. 12. (5) The Occupation Forces in Europe Series, Labor Services and Industrial Police in the European Command, 1945 - 1950, pp. 27 - 31.

CHAPTER 2

STABILIZATION -- OCTOBER 1945 TO JUNE 1946

6. General Trends

a. Background. Technically, accountability in budgetary, supply, and personnel matters began at the outset of Fiscal Year (FY) 1946 on 1 July 1945. Actually, however, the War Department did not announce the first restrictions governing FY 1946 until September, and their effect became manifest only in 1946.

During the combat period the U.S. forces in Europe had received appropriated dollar funds from a so-called general allotment and could obligate the funds without limitation. In addition to those funds, until the cancellation of the lend-lease program on 2 September 1945, Allied nations provided supplies, services, and civilian employees to the U.S. forces at no cost under reciprocal aid. Finally, costs of displaced-person (DP) and German civilian labor were chargeable to the German economy and, beyond getting approval for requisitions, military commanders could expend German funds without budgetary restrictions.

With the ending of the lend-lease/reciprocal-aid arrangement on 2 September 1945, however, the U.S. forces had to pay the salaries of Allied civilian personnel from U.S. appropriated funds, which indirectly limited the number of Allied employees. Compounding the problem, in September the War Department also advised that it would henceforth allocate U.S. dollar funds in accordance with Congressional appropriations and subappropriations; USFET could not transfer such funds from one subappropriation to another without approval from the War Department, and obligations could not, of course, exceed

appropriations. The War Department required monthly reports of the status of obligations and withdrew unobligated allocations on a quarterly basis. These budgetary restrictions made close monitoring of civilian personnel practices mandatory, and in November USFET advised its subordinate elements to hold expenditures for civilian salaries to an absolute minimum.¹

In October 1945 the War Department also established USFET's first personnel ceiling as the total of authorized U.S. military personnel plus the civilian personnel actually employed at that time. This provision gave USFET authority to hire civilian personnel to offset the reductions in military strength brought about by redeployments to the United States.

Thus, the paradoxical situation developed in late 1945 that, whereas civilian personnel practices were becoming more restrictive, the need for offsetting military personnel reductions by hiring additional civilians became more urgent. The situation was further aggravated because USFET was releasing large numbers of prisoners of war (PW's), many of whom had to be replaced by civilian employees. The combination of factors naturally favored the hiring of additional European civilians, whose wages were significantly lower than those of U.S. citizens. Moreover, the fact that costs for DP and German civilians were chargeable to German rather than to appropriated dollar funds tended to make them more attractive than Allied citizens.²

The closeout of virtually all U.S. depots and installations in liberated Allied countries and their concentration in occupied Germany contributed further to the significant change that came about in the composition of the civilian work force during the nine months that ended in June 1946. This shift had actually begun in July 1945, when the theater headquarters moved from Paris to Frankfurt. In August it was followed by the communications zone headquarters, leaving only a rear echelon in Paris. In January the advance section merged with

1

Occupation Forces in Europe Series, First Year, Budgetary and Financial Aspects, pp. 2 - 4, 6 - 10.

2

(1) The Occupation Forces in Europe Series, First Year, Manpower: Its Procurement and Use (hereafter cited as Manpower, 1st Yr), pp. 146 - 147. (2) The Occupation Forces in Europe Series, First Year, Supply: Procurement, Storage and Issue (hereafter cited as Supply, 1st Yr), pp. 15 - 19, 52, 66 - 67.

a base section and moved from Rheims to Bad Nauheim, and during January and February 1946 four other base sections in France and Belgium merged into one, with headquarters at Paris. These mergers were accompanied by shifts of stocks and depots from the liberated areas to Germany. As an example, on 1 July 1945 there were but four supply depots in Germany, while on 30 June 1946 there were 95. In the first six months of 1946 the theater service elements shipped over 750,000 tons of supply from depots in France and Belgium to installations in Germany; only 125,000 tons remained to be removed from the liberated countries.

b. Shifts in Civilian Employment. From 15 May 1945 (a week after V - E Day) to 31 December the theater's total military strength dropped from 3,033,908 to 615,776, providing a clue to the reason for the December decision to use U.S. personnel only in supervisory functions, with local civilians performing the actual work in future logistic operations.³

Further statistics give additional insight into the changing nature of the civilian work force: On 1 November 1945 USFET employed approximately 97,000 Allied personnel, 35,000 displaced persons, and 168,000 German nationals. The major shift took place in March 1946, when a sharp decrease in Allied personnel was offset by the hiring of displaced persons. (CHART 1). In actual numbers there was almost a one-for-one exchange, Allied personnel dropping from 76,618 on 1 March to 43,474 on 1 April, while displaced persons increased from 18,854 to 49,486. The Allied personnel, of course, had worked primarily in their own countries, whereas USFET hired the displaced persons in Germany. The impact of the logistic realignment is clear. The trend is further reinforced by subsequent developments, for by 1 July 1946 Allied personnel had dropped further to 42,842, while displaced persons had increased to 60,460.

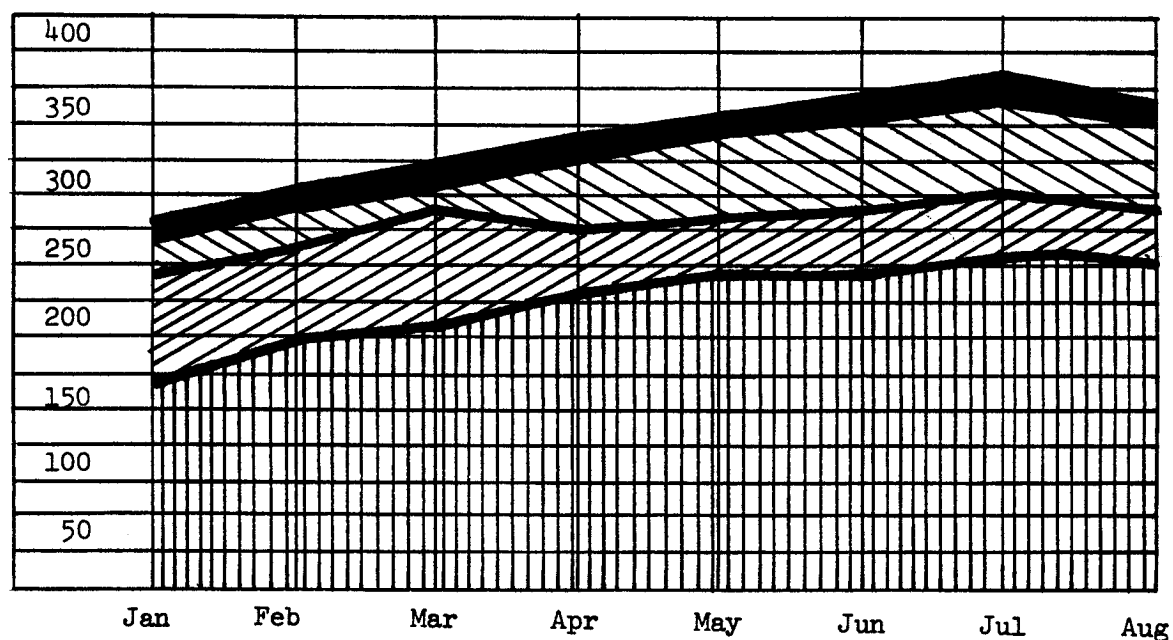
The employment of "enemy" nationals -- including Austrian and German citizens -- showed a slower, but steady increase throughout the period under consideration, rather than a sudden surge in response to a reduction in another category of employees.

3

(1) Supply, 1st Yr, cited above, maps facing pp. 7 and 70; pp. 52, 72 - 73; Appendix II. (2) Manpower, 1st Yr, cited above, pp. 52, 257. (3) By 1 July 1946 military strength was down to 342,264.

CHART 1

CIVILIAN EMPLOYMENT
JANUARY - AUGUST 1946
(Figures in Thousands)



Categories:

- U.S. Citizen
- Displaced Person
- Allied and Neutral
- Enemy and Ex-enemy

SOURCE: Manpower, 1st Yr, cited above. Charts following p. 148.

In late 1945 USFET had begun to release prisoners of war, and in January 1946 it instructed commanders to reduce the number and strength of PW labor service units to a minimum. They were to substitute civilian employees for all PW units engaged in common labor and to discharge prisoners as rapidly as possible so as to facilitate their hire as civilian employees.

From a peak of 491,442 prisoners of war employed in the communications zone at the end of August 1945, the number dropped to 136,327 at the end of June 1946. From January to June 1946 -- the peak prisoner release period -- the number of German and Austrian civilian employees rose from approximately 170,000 to almost 263,000, and DP employees increased from approximately 30,000 to over 60,000. These shifts were occasioned both by the concentration of facilities in Germany and by the loss of PW labor resources.

As of 1 July some 17,500 Polish personnel in Labor Service (LS) guard companies were counted as Allied civilians working in liberated areas -- presumably guarding the prisoners of war who were still engaged in clearing the depots. The vast majority of the remaining Allied employees worked in their own countries. Of the 3,273 Allied civilians working in Germany -- they later formed the hard core of Allied nationals who continued to work for the U.S. forces after operations in liberated countries terminated -- more than half were British citizens, primarily women employed in office work, in which their knowledge of the English language made their replacement with displaced persons or Germans impractical.⁴

In summation, the month of July 1946 marked the high point in civilian employment. Two factors explain why: The major buildup of Army installations and activities in occupied Germany necessitated hiring civilian employees, particularly for logistic installations. At the same time, however, the U.S. forces had not yet completely closed out their operations in the liberated areas so that, despite reductions in the numbers of Allied civilian employees, the overall number of civilian employees increased. Thereafter, the complete withdrawal from the liberated countries caused an initial significant drop in civilian employment, and in the years that followed tightening funding and manpower controls led to a steady decline in the numbers of civilian personnel employed by the U.S. forces in occupied Germany.

4

(1) The Occupation Forces in Europe Series, First Year, Vol 1, pp. 147, 165 - 66. (2) Manpower, 1st Yr, cited above, charts between pp. 147 and 148; pp. 165 - 68, 173, 176.

7. Changes in Policy and Employment Conditions

a. Allied Nationals. Throughout 1944 and 1945 the U.S. forces had employed Allied nationals on the basis of individual agreements with the governments of the countries involved. The unavoidable result of these arrangements was that there were significant differences in the pay scales and conditions of employment of the different nationalities. While these differences might have been of relatively little import so long as the personnel worked in their own countries, they became a source of friction and discontent in occupied Germany.

On 11 March 1946 USFET announced a new standard employment contract and the so-called Continental Wage Scale (CWS) as being effective for British and Danish subjects. It subsequently reached agreement with the governments of France, Luxembourg, Belgium, the Netherlands, and Switzerland, and effective 1 July 1946 the new contract and wage scale became applicable to all Allied and neutral civilians except displaced persons; the provisions applied to personnel employed in the occupied area -- at the time Germany and Austria -- and also to personnel employed outside the occupied area but in countries other than their own.

The pay scale had 15 grades and 5 steps in each grade, running from a base salary of \$900 per year for the first step of Grade 1 to a maximum base salary of \$5,480 for the fifth step of Grade 15. Within-grade promotions were not automatic and might be granted only if employees met both tenure and performance criteria. In addition to base pay, CWS employees received a quarters allowance of \$180 and a subsistence allowance of \$273.75 per year.

In general, Allied employees occupied government-supplied quarters at an annual charge of \$180, but in special circumstances military commanders might authorize civilians under their jurisdiction to occupy other quarters. Government billets in Germany also included the services of household servants, normally German personnel paid with German funds. The U.S. military commander of the community concerned determined the number of servants. The facilities included hotels, private homes, and apartments. Allied employees could eat in military messes (normally officers' messes) at a cost of 25 cents per meal.

Although the contracts signed by Allied employees still called for a 48-hour, 6-day week, in June 1946 USFET adopted

a 44-hour week for U.S. civilian personnel, in keeping with practice in the United States. To make the treatment of all civilian personnel equal, USFET extended the 44-hour week to Allied personnel as well, granting them administrative leave for four hours per week. Overtime payments did not begin until after the completion of 48 hours' work, however.

Another change from the earlier contracts was that the CWS agreement called for employees to sign a contract for one year, rather than for six months as before. Termination, extension, and transportation provisions remained unchanged.

During the period of hostilities all civilian employees had had to wear uniforms at all times. (With the exception of organizations that had uniforms of their own, such as the Red Cross, the approved civilian uniform was a modified version of the U.S. Army uniform.) This policy remained in effect during the initial occupation period, and was only slightly modified in January 1946 to permit the wearing of civilian clothing off duty in areas outside the occupied countries. In May 1946 USFET adopted a more liberal policy that permitted the optional wearing of civilian clothing or uniforms both on and off duty and in the occupied areas as well as in the rest of Europe. Until June 1946 Allied civilians received a free issue of one complete uniform upon hire, but thereafter they had to purchase uniforms at their own expense.⁵

b. Displaced Persons and Enemy Nationals. One early indication of the changing attitude toward, and the increasing reliance placed upon, German nationals came in November 1945 when USFET authorized the hiring and arming of German civilians to guard military installations. In the same month German employees received access to information classified up to "Restricted."⁶

Yet another indication of the need for German personnel was the establishment of a 60-day typist training school for

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Manpower, 1st Yr, cited above, pp. 186 - 200.

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A category approximately equivalent to "For Official Use Only."

German women in December 1945 so as to alleviate a critical shortage of office help. USFET also needed, and subsequently employed, large numbers of Germans as laborers, drivers, automobile mechanics, interpreters, hospital attendants, medical and dental technicians, mess personnel, and domestic servants.⁷

In March 1946 USFET published a new civilian personnel circular that slightly modified the procedures for obtaining civilian employees in Germany. A military unit desiring to employ civilian personnel first had to obtain an authorization from appropriate higher headquarters and then indicate its needs to the labor officer of the nearest DP assembly area. If no assembly area was in the vicinity, or the assembly area was unable to furnish the desired personnel, the unit would then place a requisition for personnel with the nearest German labor office or, where no labor office was operating, with the local community or county officials. Even in such cases, however, German agencies meeting requisitions for labor had to give preference to displaced persons as in the past.

German county and municipal agencies were completely responsible for administrative processes associated with both DP and German employees. They processed and paid payrolls, to include appropriate deductions for social security benefits and the payment of the employer's contributions for such purposes. The using military agency prepared the time sheets needed for the payrolls, but beyond that had no administrative responsibility. The regulation called for German agencies to complete their processing and pay the employees within 15 days of receiving the approved time sheets. The DP assembly areas and German agencies classified personnel in accordance with established German labor classification systems, and the Office of Military Government established pay scales on the basis of prevailing German rates.

In general, the conditions of employment remained as they had been before, to include the provision of noon meals at a cost of 50 Pfennige deducted from payrolls. Displaced persons retained their recruiting preference and continued to receive the highest pay authorized for a job category, whereas Germans received the lowest approved wage scale.⁸

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Manpower, 1st Yr, cited above, pp. 172 - 173.

8

J. F. J. Gillen, The Employment of German Nationals by the Office of the U.S. High Commissioner for Germany, US HICOG Hist Div, 1952, pp. 2 - 4.

c. Employee Organizations. The March 1946 directive also authorized German and DP personnel to organize into employee groups and to form or join trade unions. These were, of course, subject to military government regulations, but aside from prohibiting strikes and insuring that the organizations were free of Nazi or militaristic influence, there were no restrictions on the employees' freedom to form associations.

In May USFET authorized the establishment of a Civilian Employees' Council in the Frankfurt area to represent the interests of U.S. and CWS employees of the command. The Council appears to have been less concerned with wages and working conditions, which would interest a normal labor union, than with such fringe problems as club, mess, and billet facilities, clarification of leave and travel regulations, questions concerning the wearing of uniforms, and similar morale and welfare matters. It is nevertheless significant that USFET was so early to grant recognition to civilian employees' interest groups, and that it stated at the time that such councils were of value to management in its efforts to formulate policy for the administration of civilian personnel.

By June 1946 there were 12 such councils operating within the European theater.⁹

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Manpower, 1st Yr, cited above, pp. 206 - 16.

CHAPTER 3

CHANGE FROM OCCUPATION TO GERMAN SOVEREIGNTY

1947 TO 1955

8. Political and Economic Developments

From mid-1946 through the ensuing nine years of occupation, three major trends influenced the civilian employee policies of the U.S. forces in Germany: First, as the defense mission replaced the occupation mission, civilian personnel were employed so as to free military personnel for military duties where feasible; then increased budgetary controls necessitated command consolidations and economies in the employment of civilian personnel; and finally, the continual emphasis on unified NATO planning and the establishment of the Federal Republic of Germany and its approaching sovereignty required a reorientation of the U.S. forces' relationship to their non-U.S. civilian workers.

a. Changing Missions in Europe. In late 1946 the change in emphasis began from police-type activities in support of military government to the creation of a tactical force available to defend Europe. After the extensive redeployment of troops in the first two years following the end of hostilities, only two major tactical units remained in Europe -- the 1st Infantry Division and the U.S. Constabulary (USCON). Early in 1947 efforts toward concentration of forces began when widely dispersed elements of the 1st Division assembled in the Grafenwoehr, Germany, area for unit training.

Actual troop strength of Army personnel dwindled from 104,316 on 1 July 1947 to a low of approximately 80,000 on 30 June 1950. Necessarily, the units stationed in Germany and Austria had to undergo extensive consolidation and

reorganization before they could assume a tactical posture. The 1st Division troops were still engaged in static occupation missions, while USCON performed police-type tasks in occupied areas. Initial planning called for the concentration of elements, regrouping, and the provision for additional equipment to reflect the changed mission. On 1 August 1948 the 1st Division was reorganized provisionally under the "N" series TOE calling for additional tank companies, a heavy tank battalion, an antiaircraft artillery automatic weapons battalion, and certain other units. The USCON provisional reorganization, initiated on 24 June 1948, called for the conversion of certain Constabulary units into three armored cavalry regiments. The reorganization extended over six months during which USCON reduced its border and highway patrol missions. Also, USCON and the 1st Division were organized in a corps structure for operations in emergency situations, with the Commanding General, USCON, commanding.¹

The next major steps toward creating a tactical force were the reactivation of the U.S. Seventh Army and the subsequent troop augmentation. When Seventh Army was reactivated on 24 November 1950, the 1st Infantry Division and the remaining units of USCON were assigned to that command. Additional divisional strength was scheduled for Seventh Army, but the Korean conflict and personnel requirements there delayed shipment of troops and equipment until the latter part of 1951. By the end of December 1951, with the arrival of four new divisions and supporting personnel, total military strength in EUCOM was approximately 256,000. Thus, at the beginning of 1952, sufficient U.S. forces were available to defend Western Europe.²

b. Economic Developments. In a series of conferences during the spring of 1948 the western occupation powers and several European nations agreed that Western Germany should be included in the European Recovery Program (ERP) and that it should be a united and self-governing country. A number

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(1) The Occupation Forces in Europe Series, International Aspects of the Occupation, 1 Jul 47 - 31 Dec 48 (hereafter cited as International Aspects, 3d Yr), pp. 10 - 11. (2) The Occupation Forces in Europe Series, Fourth Year (hereafter cited as Occupation, 4th Yr), Vol 1, pp. 44 - 47.

2

(1) EUCOM/USAREUR Anl Narrative Rept, 1950, p. 43. (2) EUCOM Comd Rept, 1951, p. 3.

of agreements culminated in the economic union of Western Germany in the form of Trizonia, which became effective by December 1948.

The currency reform of 20 June 1948 was the main factor that stimulated production in Western Germany. This improvement was due in part to the reform itself and in part to the concomitant abolition of most of the price, production, and rationing controls that had previously made the economies of the Allied occupation zones among the most tightly controlled in Europe. Soon after the currency reform, food production increased, industrial goods were imported in ever-increasing quantities, unemployment declined, and exports increased.

c. Political Development of Germany. While the economic unification was under way, the Western Allies took steps toward the creation of the Federal Republic of Germany (F.R.G.). A six-power conference in London in June 1948 decided on the general scope of the new federation, and after conferences among representatives of the German states, a constitutional convention met at Bonn on 1 September 1948.³ The convention established the machinery for the government, and the first elections were held on 14 August 1949. Formal establishment of the Federal Republic on 21 September was accompanied by the official termination of Allied Military Government in the western zones, institution of rule by the Allied High Commission, and promulgation of the Occupation Statute and the Charter of the Allied High Commission for Germany.

The signing of the "Convention on Relations between the Three Powers and the Federal Republic of Germany and Related Conventions" on 26 May 1952 was the final phase in preparation for German sovereignty. The contractual agreements, which were revised during the following three years in view of the changing political situation in central Europe, finally went into force when the Federal Republic became sovereign on 5 May 1955.⁴

9. Occupation Costs

a. Budgeting of Occupation Costs. There were three categories of occupation costs in Germany: expenditures

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International Aspects, 3d Yr, cited above, pp. 3 - 4.

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(1) EUCOM Anl Narrative Rept, 1949, pp. 24 - 25. (2) EUCOM/USAREUR Comd Rept, 1952, pp. 355 - 56.

for goods and services for the maintenance and welfare of the Allied forces stationed in Germany, which included the wages of German resident employees of Allied forces; Class I Mandatory Expenditures, which included certain obligations imposed by quadripartite agreement, such as care and maintenance of displaced persons; and Class II Mandatory Expenditures, which were largely payments for governmental functions performed by the occupation forces. The occupation costs were paid in Deutsche Mark (DM).

At the beginning of the occupation there was no occupation cost budgeting; requisitioning was done locally by those requiring the goods or services, and the mayor of each community paid the charges. In anticipation of German sovereignty the U.S. authorities imposed budgetary restrictions on the use of occupation costs to lessen the impact on the expenditure of appropriated funds when DM funds would no longer be available.⁵

The number of German resident employees paid from occupation cost funds was regulated by budgetary controls rather than by allocation of spaces. In 1947 and 1948 the introduction of the Work Simplification, Work Measurement, and Personnel Utilization Programs reduced civilian personnel requirements, and other reductions came from eliminating some of the purposes for which U.S. forces employed civilian personnel.

General Lucius D. Clay in 1949 cut EUCOM's occupation cost and mandatory cost funds by more than DM 200 million. Subsequent budgets were based on these cuts, which were directed toward a short occupation, and eliminated long range programs in construction and curtailed employment of civilians paid in Deutsche Mark. Effective 1 April 1951 DM funds allocated for civilian pay could be obligated for one year and expended for two years. However, immediately after installation of this stricter budgeting, a supplemental budget was presented to the Federal Republic to compensate for the influx of military personnel during the augmentation of 1951.⁶

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Report on Germany, September 21, 1949 - July 31, 1952,
pp. 56 - 57, Ofc of the U.S. High Com for Ger.

⁶
EUCOM Anl Narrative Rept, 1949, pp. 220 - 22.

b. Contractual Agreements. The negotiations on the contractual agreements introduced new financial support problems. The United States intended to retain the right to station forces in Germany by virtue of conquest. Since the forces stationed in Europe would be there primarily for the defense of Western Germany, the Allies felt that the Federal Republic should furnish support costs in lieu of occupation costs. The financial contributions of the Federal Republic were determined in November 1951 at the Rome Conference of Allied Foreign Ministers and specified in the Finance Convention. Under the contractual agreements the Federal Republic would make a contribution for defense comparable to that of the other powers; undertake to cover the costs of supporting the forces of the occupational powers; contribute its established amount, less support costs, to the European Defense Community (EDC); and, after the first year of the contractual agreements, provide support of the non-EDC members of the occupational powers.⁷

The contractual agreements were to become effective as soon as the nations concerned ratified the Convention on General Relations. Since ratification difficulties concerning the EDC Treaty delayed implementation of the contractual agreements, the Occupation Costs Agreements were reached, by which the Federal Republic promised to pay to the occupying powers DM 600 million per month until 1 January 1953. Because of delays in the ratification of the contractual agreements, the Allied High Commission and the F.R.G. Government extended the Occupation Costs Agreement until December 1953 or the effective date of the contractual agreements.⁸

The nonratification of the EDC Treaty, however, prevented the contractual agreements from becoming effective in 1954. After rejection of EDC, the three occupational powers and the Federal Republic developed the London Agreements, which determined the financial contributions of the Federal Republic until its sovereignty and provided for extension of the Occupation Costs Agreements until 31 December 1954 or the end of the occupation, whichever occurred first. Payments at the rate of DM 600 million monthly were to continue until 30 June 1955. The U.S. share was DM 230 million per month.

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Development of the Contractual Arrangements with the German Federal Republic, 1950 - 1952 (hereafter cited as Contractual Arrangements), USAREUR Hist Div, pp. 38 - 44.

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USAREUR Anl Hist Rept, 1 Jan 53 - 30 Jun 54, pp. 265 - 66.

The possibility that after institution of the contractual agreements some obligations would not be liquidated prompted EUCOM to speed payment of outstanding obligations by the German authorities. The success of this action greatly reduced amounts carried over and thus limited the amount of dollar appropriated funds that EUCOM would have had to use if the occupation cost funds were lost. The early imposition of tight budgetary controls on DM expenditures had definite implications on the employment of DM-paid civilian employees.⁹

10. Allied and Neutral Personnel

The number of Allied and neutral civilian employees of U.S. forces declined rapidly during the occupation phase and eventually became a miniscule segment of the work force. Late in 1946 a study revealed that the number of civilians selected for employment did not justify the expense of maintaining recruiting offices in Allied and neutral countries. The two main causes for the lack of success in recruitment were the manpower shortages in certain categories of labor, including lower level administrative workers who were primarily needed, and the military service requirements that eliminated many of the younger men. Even more important, however, were the large-scale troop strength reductions that led to the elimination of many positions held by Allied and neutral civilians, so that the incumbents were declared surplus by their organizations. By 1 January 1947 the offices in the BENELUX countries, Switzerland, and Denmark had been closed, and requests for personnel from these countries, except in unusual cases requiring particular skills, were no longer submitted or accepted. The Paris office closed 31 March and the London office was phased out on 31 May after five years of operation. Chart 2 shows the rapid decline in Allied and neutral civilian strength from July 1946 to July 1947. The majority of those remaining with U.S. forces were in nonoccupied areas, being primarily used by the American Graves Registration Command, European Area (AGRC-EA).¹⁰

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USAREUR Anl Hist Rept, FY 1955, pp. 28 - 30.

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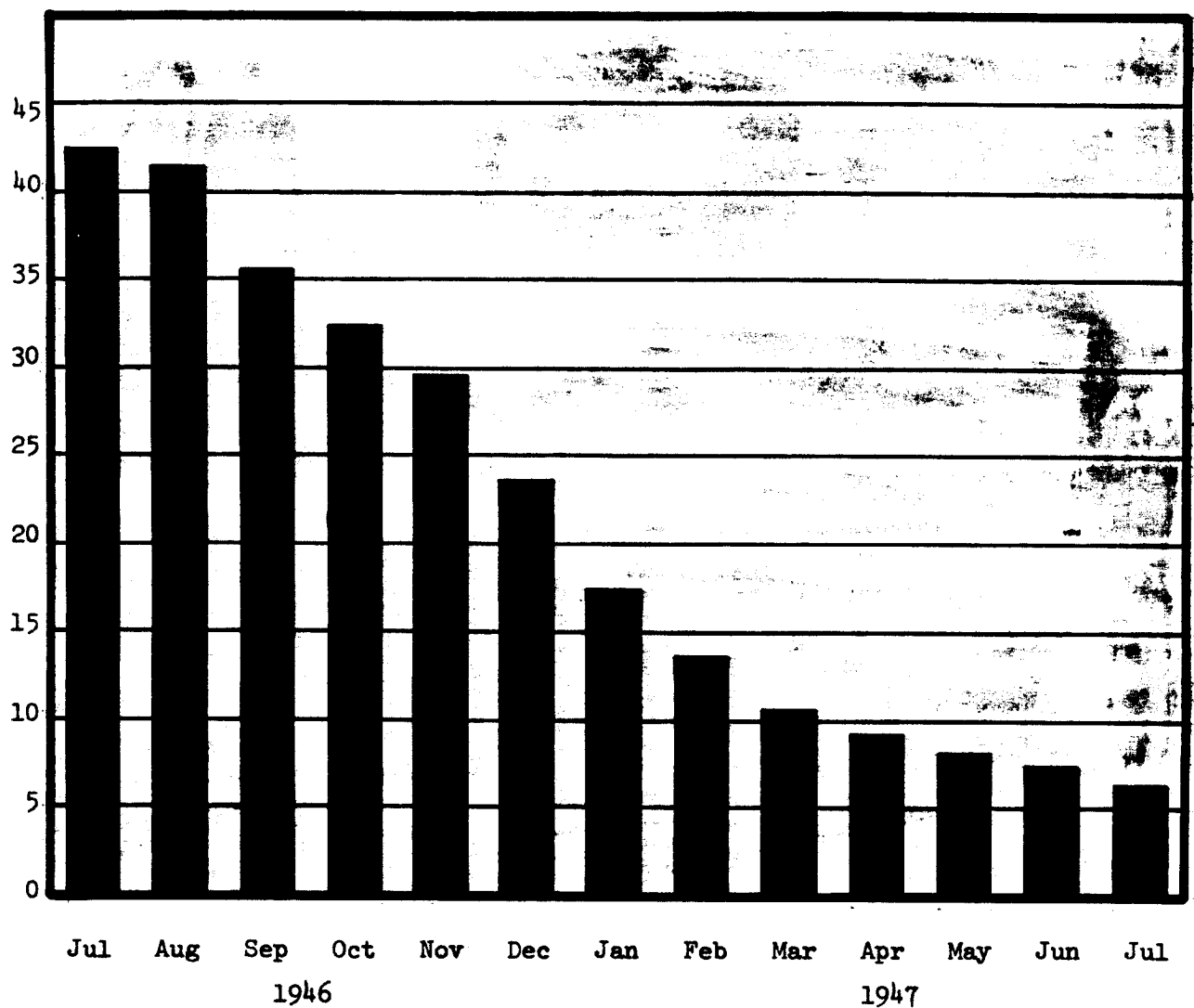
The Occupation Forces in Europe Series, Manpower Problems of the Occupation Forces, 1 Jul 46 - 30 Jun 47 (hereafter cited as Manpower Problems, 2d Yr), pp. 70 - 78.

CHART 2

ALLIED AND NEUTRAL CIVILIAN PERSONNEL STRENGTH

1 JULY 1946 - 1 JULY 1947

(Figures in Thousands)



SOURCE: The Occupation Forces in Europe Series, 1946 - 1947, Manpower Problems of the Occupation Forces, 1 July 1946 - 30 June 1947. Chart following p. 71.

6-1/4

Even though EUCOM ceased recruiting personnel in this category, it retained the employees it needed. In May 1947 this policy changed, and male employees could no longer extend or renew their employment agreements. In August 1948 another policy change required the release of all Allied and neutral employees upon termination of their contracts and their replacement with U.S. civilians or, when necessary, German nationals. As was shown earlier, Allied and neutral civilians had had top priority, while in 1948 priority scales of even such a high user of this category of employee as AGRC-EA listed Allied and neutral personnel last.¹¹

During the remaining years of the occupation, the restrictions on employing Allied and neutral civilians were occasionally relaxed to meet sporadic personnel needs. The relaxations primarily dealt with renewing contracts, usually for less than one year, and occasionally permitted limited hiring until sufficient numbers of other classes of employees were available. No continued hiring was done after 1947; therefore, a natural attrition eliminated numbers of Allied and neutral employees. Those employed in occupied Germany numbered 797 on 31 December 1948, and only 315 by the end of 1950. The requirements for civilian personnel during the troop augmentation period of 1951 - 1952 only slightly affected Allied and neutral strength, which increased to 386 by 31 December 1951. Thereafter, the decline continued; the 30 June 1954 strength was 211 and in May 1955, when Germany became sovereign, it was 180.¹²

11. German Civilians

a. General Trends. The peak employment of local nationals in Germany came in mid-1946, when 262,730 supported U.S. forces; although they remained the largest group of civilian employees, their number declined steadily thereafter. Budgetary restrictions required personnel reductions, until by mid-1955 the German civilian work force numbered only about 117,000. Accordingly, greater emphasis had to be placed on the efficient use of civilian workers and on programs to improve the quality of their work through on-the-job training.

In March 1947 EUCOM issued instructions for an overall reduction of 25 percent in the employment of displaced persons

¹¹Occupation, 4th Yr, cited above, Vol 2, p. 22.

¹²(1) EUCOM/USAREUR Anl Narrative Rept, 1950, pp. 85 - 86.
(2) EUCOM/USAREUR Comd Rept, 1952, p. 96. (3) USAREUR Anl Hist Rept, FY 1955, p. 94.

and Germans. The reduction aimed at lessening the financial burden and releasing manpower for employment in essential German industry.¹³

Concurrently, EUCOM introduced new measures to promote efficiency and instructed military post commanders to review employment practices. The personnel utilization analyses derived from this review served as basic data for preparing a comparative study of the use of personnel. As a result of this first survey, EUCOM ordered another cut in locally recruited employees and established the Personnel Utilization and Work Measurement Programs as quarterly requirements. As these programs progressed, continued review of the use of civilian personnel promoted efficiency and eliminated excess personnel.

The DM 200 million cut in the occupation cost and mandatory cost budgets in February 1949 required further reductions in German civilian employees. No additional funds were made available for employing Germans to release soldiers for training, and proposed pay increases for German employees were rejected.

To decrease occupation costs, many personnel were shifted to self-supporting agencies and several activities, such as the active denazification program, were phased out. Additional personnel reductions were made when the Berlin airlift ended in the fall of 1949. Until that year agencies such as the European Exchange System (EES) had paid their employees from occupation cost funds; then, they switched to nonappropriated funds for paying their own personnel.¹⁴

The military personnel augmentation of 1951 brought a proportionate increase in the various categories of Germans employed in the command (Chart 4), since EUCOM hired local nationals, insofar as security considerations permitted, in preference to dollar-cost personnel and replaced U.S. employees, whenever possible, with German civilians. The largest increase of civilian employees during the troop augmentation was in contractor personnel, primarily required for building facilities for the added military personnel. But the increase in this category of personnel was only for the duration of construction projects.

¹³(1) Manpower Problems, 2d Yr, cited above, Chart 3; pp. 74 - 77. (2) USAREUR Anl Hist Rept, FY 1955, graph on p. 70.

¹⁴(1) Occupation, 4th Yr, cited above, Vol 2, pp. 50 - 53. (2) EUCOM Anl Narrative Rept, 1949, pp. 311 - 14.

From 1952 to 1955 economies continued to be the practice, especially for personnel paid from the occupation cost budget who would, one year after sovereignty, be paid from appropriated dollar funds. The withdrawal of certain DM support, including the services of quarters attendants on 1 July 1952, accounted for many curtailments.¹⁵

b. Policy Changes. It was the policy of U.S. forces to interfere as little as possible in the German administration of local nationals. However, the occupation cost offices that were responsible for payroll functions often paid German employees anywhere from 30 to 90 days late. Additionally, almost one-fourth of the positions were classified improperly. The results were low morale of the workers, a high turnover rate, and lost efficiency on the job. To remedy this situation and use civilian personnel more efficiently, U.S. forces entered the areas of administration and classification of German employees.¹⁶

On 1 October 1948 post commanders assumed all functions previously performed by German labor offices connected with classification and employment of Germans and other DM paid personnel. The Army employed German classification analysts to grade the employees as before in accordance with approved Land tariffs. Also, the posts took over the preparation of payrolls, payment of social insurance charges on salaries, and maintenance of sick leave records, formerly performed by the Office of Occupation Costs. In order to attract the same personnel who had administered these functions in the past, German civil service employees transferring to Army payrolls were guaranteed the local wage scale and benefits.¹⁷

In 1953 the U.S. High Commissioner for Germany negotiated with the Federal Republic to resolve the status of German employees under the Forces Convention of the contractual

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(1) EUCOM Comd Rept, 1951, pp. 124 - 25. (2) EUCOM/USAREUR Comd Rept, 1952, pp. 135 - 36.

16

The Employment of German Nationals by the Office of the U.S. High Commissioner for Germany, 1952, HICOG Hist Div, p. 4.

17

Occupation, 4th Yr, cited above, Vol 1, pp. 47 - 48.

agreements. The discussions hinged on USAREUR's desire to include local-hire personnel under the provisions of the convention that afforded U.S. forces the opportunity to request the exemption of certain activities from German laws when application of those laws would be inconsistent with the military mission.

The negotiations determined that German employees of the Allied forces were not entitled to special consideration under the terms of the convention. The discussions also led to agreements on other aspects of the employment of German nationals, however, and these provisions were incorporated in Article 44 of the Forces Convention. Among other things, the article provided that the Allied forces would obtain required personnel through German agencies; the terms and conditions of employment would be determined by Allied forces-German agreement; the Allied forces would have the right of engagement, placement, training, transfer, and dismissal, subject to the limitations of German labor legislation; German labor law, as it applied to German Federal authorities, would also apply to the Allied forces; and a mixed commission of German and Allied forces representatives would determine to what extent German labor law was inconsistent with the military needs of the forces.

During early 1955 the impact of German sovereignty on the U.S. employment of local nationals -- and particularly on their availability during a time of emergency -- was under consideration. The latter question was not resolved before May 1955 and, in fact, remained open throughout the ensuing 10 years.¹⁸

c. Institution of Training Programs. In April 1947 EUCOM instituted a comprehensive training program for civilian employees. Its main aim was maximum individual and group efficiency and economy of operations through the effective use of these employees. Since Germans comprised the largest proportion of civilian employees and command policy called for the replacement of technical military personnel with civilians, the major portion of the training program was geared to teach American methods to Germans.

Military personnel formed teams to supervise German employees. Newly established courses and schools trained military personnel as supervisors and German supervisory

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(1) USAREUR Anl Hist Rept, 1 Jan 53 - 30 Jun 54, pp. 78 - 80. (2) USAREUR Anl Hist Rept, FY 1955, pp. 104 - 05.

personnel in specific areas. The training procedures were based on four points: publication of technical directives; preparation of bilingual instructions, forms, and signs; initial concentration on foremen and supervisors; and development of on-the-job training programs.

By June 1947, formal schools had been established for ordnance supply, motor maintenance, and engineer training. The 2-week course at the Theater Ordnance Supply School trained German ordnance employees in the correct use of ordnance catalogs; property accounting records and receipts; and procedures governing warehousing, safety, and issuance of supplies. The Theater Motor Maintenance School course lasted four weeks and gave motor maintenance instruction to Germans employed as supervisors in motor vehicle repair operations. Students were familiarized with U.S. tools, equipment, and shop practices, as well as office procedures. The Engineer School operated along the same lines, but dealt with engineer equipment and operating practices.¹⁹

The supervisory personnel with formal school instruction were responsible for giving on-the-job training and for orienting newly hired personnel in procedures and methods. Since many Germans hired by the U.S. forces already possessed particular skills, training concentrated on American methods and equipment.

d. Pay. Local tariff schedules and labor laws determined the pay of German civilians. Accordingly, provisions were made to withhold taxes and social insurance payments from the pay of German employees. The employer's contribution to social insurance funds was included as part of mandatory costs, and was therefore paid by the F.R.G. Government. After implementation of the contractual agreements the U.S. forces contributed the employer's share -- at first from Defense Support Costs and beginning in 1958 from appropriated funds.

In anticipation of the implementation of the contractual agreements, the U.S. forces negotiated the return of the pay functions to the German authorities in late 1951 and early 1952. As of 1 July 1952 the German Land (state) agencies began to prepare payrolls and pay German employees of the U.S. forces.

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Manpower Problems, cited above, pp. 89 - 93.

Two added payments, an allowance for children and a Christmas bonus, were given to German employees in spite of U.S. reluctance to give any type of special bonuses. USAREUR's reversal of position came because it seemed likely that after sovereignty the Federal Republic would grant the bonuses to German employees of the U.S. forces. F.R.G. legislation passed in 1952 entitled civil service employees to a Christmas bonus. Since civilians in the British and French Zones and those in Berlin received the bonus, USAREUR paid it in 1953. The German Children's Supplementary Law of November 1954 provided for certain payments, through employer contributions based on payroll, to employees having three or more children. Allied forces were at first exempt, but the U.S. High Commissioner for Germany urged payment in accordance with the practice of abiding by German labor laws. U.S. forces shortly thereafter started payment to eligible male civilian employees.²⁰

To eliminate divergences of wage tariffs, representatives of the Allied forces in the Federal Republic and various German union representatives agreed, effective 1 February 1955, to establish uniform pay schedules and employment policies for all German employees of Allied forces. The agreement eliminated the 62 wage scales previously in effect; regulated working hours (6-day, 48-hour week); specified leave, holiday, and other authorized absences; provided for a uniform worker classification system; and outlined conditions for commencement and termination of employment. The agreement did not apply to German civilians employed in Labor Service (LS) units.²¹

12. Labor Service

a. General Trends. Labor Service personnel were under budgetary and civilian manpower controls. The unique character of LS units as organized quasi-military elements necessitated a military-type command structure and the creation of special policies in terms of wages, mission, and relationship to the Federal Republic. Although occupation cost funding affected personnel strength, planned reductions had to take into account the special mission of LS units.

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(1) Contractual Arrangement, cited above, p. 43. (2) EUCOM/USAREUR Comd Rept, 1952, p. 100. (3) USAREUR Anl Hist Rept, FY 1955, p. 103.

21

Tariff Agreement, 28 Jan 55, subj: Employees Employed with Offices/Agencies, Enterprises, and Other Institutions of the Allied Authorities and of the Allied Forces within the Territory of the Federal Republic of Germany, pp. 4 - 18.

German citizens gradually became the dominant group in organized LS units during the occupation period, because they filled the vacancies left by repatriated and resettled displaced persons. Also, the substitution of the predominantly German industrial police for organized guard units, and the eventual reestablishment of organized guard units with industrial police personnel, introduced many Germans into organized labor service.

The Displaced Persons (DP) Act of 1948 provided for the immigration into the United States of 250,000 displaced persons during a 2-year period beginning 1 July 1948. EUCOM wanted to give preference to those persons who had demonstrated their loyalty, industry, and integrity through service with the U.S. forces in Germany in LS technical and guard units. It facilitated the application and screening procedures, and obtained priorities for LS applicants. By 30 September 1948, 13,938 out of 16,518 persons employed in LS companies had indicated their intention to apply. As of 31 December 1949, 7,016 LS personnel were resettled under the DP Act.

German integration into labor service occurred in company-size increments. There was no mixing of German and non-German personnel in a company, and LS units were designated as German or non-German. Former displaced persons who possessed German identity cards and documentation were included in German units. Non-Germans were personnel considered in a homeless-foreigner status by German authorities.²²

b. Policy and Legal Aspects. A separate organization for the control, administration, and employment of all organized labor services had been established as early as December 1944. The Military Labor Service, a staff section of ETOUSA headquarters, instituted policies and procedures to exploit the available PW and DP labor resources. As the situation became static in the postwar and occupation period, changing conditions and labor requirements, especially for organized LS units, brought about new developments in organization and administration.

22

- (1) The Occupation Forces in Europe Series, Labor Services and Industrial Police in the European Command, 1945 - 1950 (hereafter cited as Labor Services), pp. 112 - 13, 128 - 50.
- (2) Occupation, 4th Yr, cited above, Vol 2, pp. 117 - 18.
- (3) EUCOM/USAREUR Comd Rept, 1952, p. 122.

The primary policy change came on 15 March 1947, when all civilian guard and LS companies operating in the U.S. Zone were assigned to the control of the military post in which they were located at the time. Labor supervision company headquarters were assigned to each post, and supervision centers were established at larger posts. This system was the beginning of the phasing out of the Military Labor Service in October 1947, whose functions and responsibilities were redelegated to various EUCOM staff divisions. The Operations, Plans, Organization, and Training Division (OPOT) became responsible for the organization, movement, assignment, and disbandment of LS units; the Adjutant General maintained personnel records of civilians employed in LS units; the Provost Marshal had technical supervision of the Industrial Police; and the Director, Service, Supply and Procurement (SS&P) assumed staff supervision of LS units, directed liquidation of the Military Labor Service Training Center at Kaefertal, and formulated recommendations for discontinuing technical labor service companies.

When the Provost Marshal created the Industrial Police Division to carry out his functions, operational difficulties occurred because of the divided responsibility for staff supervision of the organized civilian guards and industrial police. The similarity of missions of both guard elements while coming under different staff supervision created duplication of procedures and policies in decision matters. Therefore, the Director, SS&P -- subsequently redesignated Logistics Division -- assumed staff supervision of the industrial police and integrated the new functions into the Labor Services Branch to provide centralized general responsibility for staff supervision of all labor supervisory units, technical LS and civilian guard units, and industrial police.

Continuing the trend toward reorganization and consolidation of functions to promote efficiency, on 20 June 1948 EUCOM discontinued all labor supervision centers and substituted labor supervision staff sections in military posts to perform their functions. The various labor supervision staff sections, which advised post commanders with respect to the administration and employment of LS units and industrial police and exercised operational supervision over them, came under the Labor Services Branch of the EUCOM Logistics Division.

The shift of U.S. military from occupational to tactical missions was in part made possible by industrial police and LS units assuming many occupation and support responsibilities. As a result, by 1949 the LS units had also assumed the mission of providing service support of the tactical forces in an emergency.

To create a mobile command not afforded by the military post labor supervision staff sections, EUCOM reestablished by 31 May 1949 six labor supervision centers such as had existed in the past. The placement of the labor supervision centers, five with major tactical elements and one as an LS replacement center, guaranteed quicker response to requirements for LS units in emergencies. A labor supervision area headquarters established at EUCOM headquarters became responsible for overall supervision and administration of the labor supervision centers. In August 1950 the Labor Services Branch of the Logistics Division was redesignated the Labor Services Division of EUCOM headquarters without any basic change of function or responsibility.²³

Article 45 of the Forces Convention of the contractual agreements reached in May 1952 stipulated that the Allied forces could maintain non-German labor service units, but that they would have to phase out the German units two years after entry into force of the agreements. Discussions on this point would determine whether the efficiency of the Allied forces was lessened from the disbandment. Uniformity of the terms and conditions of employment was to be achieved by agreement between the Allied forces and German authorities.²⁴

c. Guard Units and Industrial Police. Only displaced persons or former Recovered Allied Military Personnel (RAMP's) were employed as guards, police, or watchmen by U.S. forces during the first postwar years for securing depots, installations, and PW camps or enclosures. In May 1946, after their demilitarization,²⁵ these security personnel were organized into LS guard companies of 100 to 250 men.

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Labor Services, cited above, pp. 60 - 65, 79 - 82, 84 - 90.

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Treaties and Other International Acts Series 3425, Termination of the Occupation Regime in the Federal Republic of Germany, Protocol Between the United States of America and Other Governments, October 23, 1954, pp. 1516 - 17.

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Being released allied prisoners of war, RAMP's were considered as military personnel until 9 February 1946, and as civilians thereafter.

In May 1947 EUCOM adopted a policy calling for the replacement of organized LS guard units with industrial police -- individually hired displaced persons and Germans trained in police-type guard duties. The policy had two objectives: In the first place, it would reduce overhead because the industrial police did not receive the rations, clothing, billeting, and other benefits enjoyed by the guard companies. Also, by abolishing the organized guard companies -- completely manned by displaced persons -- the United States would remove an incentive for displaced persons to remain in Germany and resist repatriation or resettlement.

The industrial police differed from LS guard units in not having a military-type organization, being limited to one meal a day at a charge of 50 Pfennige per meal that was deducted from monthly payrolls, and not being granted PX privileges. The industrial police guarded U.S. installations formerly patrolled by LS guard units. Concurrent with employment of industrial police, German civil police were charged with ensuring security of messes, clubs, billets, quarters, and parking lots.

Industrial police carried nonautomatic carbines and were issued five rounds of ammunition per man when on duty. U.S. military uniforms were dyed blue and issued to the industrial police. Military post commanders were responsible for their training, including orientation in mission and instruction in communications, first aid, English, and weapon firing.

While on guard duty industrial police could detain U.S. or Allied personnel apprehended pilfering, damaging, or misusing property. They could detain U.S. and Allied personnel only for the time necessary to turn them over to U.S. supervisory personnel. They also had the power to arrest German nationals and displaced persons who violated regulations they were charged with enforcing.

Industrial police were paid in accordance with the applicable Land wage tariff, while organized guards were paid according to a scale established by EUCOM. This scale was considerably higher than the Land tariffs for industrial police because DP personnel received preferential treatment. The schedules for industrial police included various grades and locality wage differentials typical of German schedules. The following is a comparison of some of the wage rates applicable to the industrial police and DP personnel after the 1948 currency reform:

<u>Industrial Police</u>	<u>Civilian Guard Grade</u>	<u>DP Scale</u>
DM 580	Major	DM 700
DM 510	Captain	DM 600
DM 335	Staff Sergeant	DM 340
DM 270	Sergeant	DM 275
DM 231	Corporal	DM 250

All industrial police had to submit to a security check before being assigned to duty, and additional screening was necessary if the job offered access to classified information. The appropriate military post maintained employment records and was also responsible for recruiting industrial police from the nearest United Nations DP assembly center or from the local German labor office (Arbeitsamt). While displaced persons continued to have hiring priority, with progressive repatriation and resettlement the U.S. forces hired Germans in greater numbers.

By 1949 the LS guard units, with a strength of only 7,000, were not able to meet the support demands of the tactical forces. The static industrial police were unable to fill the gap between service required and that afforded by the organized guard units.²⁶

At the time there were slightly more than 9,000 industrial police -- approximately 98 percent of them German -- employed as static guards. In July 1950 EUCOM directed the military post commanders to convert industrial police members to LS personnel and to organize them into guard companies. At the time, EUCOM authorized an overall increase of 15,500 in Army LS personnel strengths; industrial police personnel volunteering for labor service duty would fill approximately 7,000 of these spaces, and the remainder would have to be recruited.

Certain policy changes were made to facilitate the conversion, as for example the provision that former members of the Waffen SS -- normally disqualified for labor service -- might be considered for acceptance on the basis of their records with the industrial police.

By the end of 1950 there remained only 400 industrial police, all of them in Berlin. The net effect of the increase in LS personnel was to change the composition of the organization.

26

Labor Services, cited above, pp. 95 - 96, 112 - 13, 128 - 50, 162 - 63.

Whereas until 1950 the labor service had been composed exclusively of displaced persons, the conversion of industrial police to labor service introduced a large block of German nationals into the organization. Of course, with the completion of the resettlement and repatriation program, all displaced persons either had been assimilated into the local economy or had left the Federal Republic. Thus, any former DP personnel who joined labor service after the restoration of guard companies in 1950 were at least nominally Germans.

The troop augmentation of 1951 - 1952 further raised labor service strength, especially in the guard elements. Total LS strength climbed to 25,535 by January 1952, with 17,457 of the total in guard units. By 1953, actual guard strength was 19,573. Budget limitations for FY 1954 resulted in a reorganization and redistribution of LS units and personnel. The FY 1954 budget authorized 17,775 guard personnel, a reduction of 1,852 spaces from the 1953 authorization of 19,627. The trend during the redistribution was to release German personnel. Actual guard strength went below authorization and on 30 June 1954 was 17,370. At the end of the occupation period a 10-percent reduction was made, so that in June 1955 guard members numbered approximately 15,000; 13,844 of the 23,640 total LS personnel then on the rolls were German.²⁷

d. Technical Units. In the immediate postwar period prisoners of war afforded a vast pool of manpower organized in technical labor units. This type of labor was economical and satisfactory, and it was not until early 1947, when the prisoners of war dwindled to a negligible number, that DP personnel were organized into technical labor units in occupied Germany. They received top priority and preferential treatment in all employment matters. Aside from the merits of this policy from the standpoint of improving DP morale, it offered the advantages of reducing the number of displaced persons in camps and recouping some of the technical skills lost by the release of the prisoners of war.

Paralleling the dwindling of PW technical units and organization of DP units was a progressive diminution of requirements for mobile technical labor units as a result of the reorganization of the European Command. In April

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- (1) EUCOM/USAREUR Anl Narrative Rept, 1950, pp. 80 - 83.
(2) EUCOM Comd Rept, 1951, p. 123. (3) USAREUR Anl Hist Repts, 1 Jan 53 - 30 Jun 54, pp. 90 - 91, and FY 1955, pp. 108 - 10.

1947 EUCOM suspended further recruitment of displaced persons for technical units and disbanded PW units as the prisoners of war were released. On 1 July 1946 there had been 885 technical LS units, and one year later there were only 114. As EUCOM increased the use of individually employed, static German civilians or displaced persons in technical areas, the number of technical LS units further declined, so that by 30 September 1947 there were only 86 left, and 32 on 31 March 1948. During the troop augmentation of 1951 - 1952 the number of technical units rose to 70. From that time until German sovereignty, the reductions and increases paralleled those of the guard units, and technical labor strength remained at approximately one-third of the total LS strength.

Because the need for equipment had decreased less rapidly than the need for mobile technical LS companies, the practice of using "equipment only" units started in early 1947. Of the 114 technical LS companies existing on 1 July 1947, only 36 actually possessed organized personnel. This solution to the problem of shifting needs allowed commanders to move equipment from place to place to be used by static employees.

EUCOM headquarters determined the assignment of technical units which were subject to movement and reassignment similar to U.S. units. When the transfer involved authorized property, the gaining unit assumed property accountability. Some technical units were assigned to technical service labor supervision centers; others were attached for administration and logistic support to the military post labor supervision centers; and some were administered and supported through the U.S. unit or installation under which they operated. Labor service and labor supervision units assigned to technical services and tactical commands were considered lodger units on the military posts where they were located. After 25 April 1952, all lodger labor supervision and LS technical units not assigned to technical LS supervision centers were given administrative and logistic support by the post commander through the labor supervision center on his post. This greatly improved administrative control of technical units.²⁸

e. Pay and Allowances Policy. The initial 1945 policy regulating the payment of displaced persons organized in LS companies provided for their payment from appropriated funds in Occupation Mark. The first change came on 13 March 1946,

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(1) Labor Services, cited above, pp. 166 - 73. (2) EUCOM/USAREUR Comd Rept, 1952, pp. 79 - 81.

when USFET directed that indigenous personnel would no longer be paid in Occupation Mark, but in Reichsmark (RM) by the local German authorities on a standard scale for the entire U.S. Zone. The scale, based on rates that had been used in the Polish Army, ranged from \$19.22 per month for a man with the assimilated rank of private to \$204.56 per month for an assimilated colonel. Difficulties quickly manifested themselves. Reichsmark were not convertible to any other currency, and if LS personnel were repatriated or resettled, their savings would be useless. Therefore, during the summer of 1946, USFET recommended partial payment in dollars. On 1 October the War Department authorized payment of \$5 per month to each guard from a special fund created for this purpose.

USFET's implementing instructions provided for payment of these amounts in military payment certificates. Personnel might convert up to \$100 of military payment certificates into U.S. Treasury checks, which would be delivered upon their arrival in the country of repatriation or resettlement for conversion to local currency. At the same time, USFET also extended limited exchange privileges to labor service personnel, so that the dollar instrument payments also provided the currency needed for exchange purchases.

The currency reform of 1948 brought in a new Deutsche Mark (DM) wage scale, according to which LS personnel were paid as follows:

Assimilated Rank and Pay of Labor Service Personnel

1948		1952	
	Monthly Pay in DM		Monthly Pay in DM
Major	700	Colonel (LSO-6)	1,000
Captain	600	Lt Colonel (LSO-5)	850
1st Lieutenant	500	Major (LSO-4)	700
2d Lieutenant	450	Captain (LSO-3)	600
1st Sergeant	400	1st Lieutenant (LSO-2)	500
Staff Sergeant	340	2d Lieutenant (LSO-1)	450
Sergeant	275	Master Sergeant (LS-7)	400
Corporal	250	Sergeant First Class	
Private First Class	230	(LS-6)	360
Private	186	Sergeant (LS-5)	325
		Corporal (LS-4)	275
		Private First Class	
		(LS-3)	250
		Private (LS-2)	230
		Recruit (LS-1)	186

This new pay scale applied to both DP and German LS personnel. The pay of displaced persons was reduced by the equivalent of \$5 at the current conversion rates. This amount was deposited to the individual's account at the local U.S. Army finance disbursing office. The \$5 deduction continued until 30 June 1950, when the immigration rights for displaced persons under the DP Act of 1948 terminated, and German authorities assumed responsibility for DP functions; thereafter all payment was made in Deutsche Mark.²⁹

In July 1952 the pay and rank scales for LS personnel were adjusted as shown above; this was the last pay change before the end of the occupation. Several new assimilated ranks were added, and there were only minor changes in pay rates.

Labor service personnel worked a 6-day, 48-hour week. They accrued annual leave at the rate of two days per completed calendar month of service, with a maximum accrual of 24 days, and, like military personnel, received passes up to 72 hours. In addition to pay they received three meals a day on the basis of the continental Allied ration and were provided billets. They were authorized per diem for duty travel or attendance at U.S. service schools, but could not be paid monetary allowances in lieu of rations and quarters. Their social insurance and wage tax deductions and benefits were in accordance with German laws. They also paid a German tax on rations and quarters.³⁰

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Labor Services, cited above, pp. 153, 156 - 58, 160 - 61, 165.

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(1) EUCOM/USAREUR Comd Rept, 1952, pp. 83 - 88. (2) USAREUR Anl Hist Rept, FY 1954, pp. 92 - 93.

CHAPTER 4

DEVELOPMENTS IN FRANCE, 1947 - 1955

During the years from 1947 to 1949 the U.S. forces phased out and liquidated their installations in France, but in 1950 they returned to that country to establish a line of communications. Fluctuations in the employment of local nationals (LN's) reflected these changes, from reductions in strength caused by the gradual phaseout of the American Graves Registration Command-European Area (AGRC-EA), to the personnel increases incidental to the creation and expansion of the line of communications. The procedures followed in France contrasted sharply with those in occupied Germany and even with those in France during and shortly after World War II. The relationships that evolved between the U.S. forces and the French Government during the 1950's were unique in terms of employment conditions, payment procedures, and the rights and obligations of the U.S. forces as employer.

13. Phaseout

The phaseout of U.S. operations had begun in 1946 with the reduction of operations in the seaports that had been used for logistic support of U.S. forces. In Marseilles, the command in charge of port operations was phased out on 31 March 1946, and a detachment remaining in that port to handle any emergency shipments was inactivated six months later. The last shipment of U.S. troops left Le Havre on 10 July, and the last dependents and war brides on 23 July. A small detachment maintained at Le Havre to operate the staging area and port facilities for the resettlement of displaced persons was inactivated in early September 1946 because the activity did not assume the proportions anticipated.¹

¹The Occupation Forces in Europe Series, International Aspects of the Occupation, 1 Jul 46 - 30 Jun 47 (hereafter cited as International Aspects, 2d Yr, pp. 42 - 43.

The Liquidation and Manpower Board visited the Paris area in September 1946 to determine ways by which U.S. installations could be gradually returned to the French. The board recommended transferring several Army Air Force activities to Germany, and halting regular supply shipments through depots in France. Several service units moved to Germany, and support operations in Reims and Paris were to cease on 15 December 1946 and 15 March 1947 respectively.

In anticipation of these moves and organizational changes, medical services in the Paris area were curtailed and, except for a few major trunk lines and other special signal services, commercial services replaced signal facilities. In December 1946 AGRC-EA assumed support responsibility for its own troops and conducted negotiations concerning transit rights, procurement, and communications in relation to its operations and those of residual units left in France. After 1 April 1947 the AGRC-EA was the only major command operating in France.

Meanwhile, in November 1946 USFET had directed AGRC-EA to release the 4,500 prisoners of war it employed in France. These prisoners had been valuable to the AGRC-EA operations, because they could move as required by search and recovery activities, whereas French labor laws prohibited the use of French civilians outside the area in which they were recruited. To replace the prisoners, the French authorized AGRC-EA to use 19 labor service (LS) companies composed of 3,052 Polish and Baltic displaced persons recruited in occupied Germany. After USFET organized the units, however, the French Ministry of Labor refused to admit them into France. The U.S. Department of State intervened and on 9 January 1947 obtained an agreement that permitted the movement of displaced persons into France. The agreement specified that the displaced persons would have to be organized along military lines and that the French Government would screen all personnel.²

The movement of displaced persons into France never reached major proportions because in July 1947, after three years of search and recovery of U.S. war dead throughout former combat zones, AGRC-EA activities shifted to exhuming remains at 24 temporary cemeteries and shipping them to the United States. Since mobility was not essential to this activity, the AGRC-EA cut its LS personnel strength by 50 percent.³

²Ibid., pp. 43 - 47, 97 - 98.

³The Occupation Forces in Europe Series, Second Year, Vol 5, pp. 103 - 06.

Small-scale search and recovery operations continued through early 1949, at which time the AGRC-EA turned over the five permanent World War II cemeteries in France to the American Battle Monuments Commission. In anticipation of the phaseout of AGRC-EA, the 7966th EUCOM Detachment was organized on 1 December 1949 to liquidate all financial obligations of AGRC-EA and dispose of real estate previously held by it. The 7966th EUCOM Detachment also was to represent EUCOM headquarters in contacts with official French agencies, primarily in discussions on the proposed line of communications through France. AGRC-EA was discontinued on 1 January 1950, and the 7887th Graves Registration Detachment assumed the residual functions.

The fluctuations in the AGRC-EA personnel strength reflected the impending phaseout. On 1 January 1949 it still employed 74 Allied and neutral civilians and 2,963 local national (LN) personnel, whereas at the time of inactivation the respective figures were 19 and 562; these personnel were dismissed. Thus, with the inactivation of the last major U.S. command in France, U.S. forces ceased to be an employer of large numbers of French nationals; but since negotiations for the reentry of U.S. forces were already underway, this situation was only temporary.⁴

14. Establishment of the Line of Communications (LOC)

Because of the vulnerability of the Bremerhaven line of communications in wartime, the U.S. forces in Germany needed a more secure supply route running through France. The Civil Affairs Agreement between the United States and France, signed on 16 February 1948, became the legal basis for the initial establishment of a line of communications through France. The agreement provided for territorial passage rights and use of territorial waters and port facilities; construction, maintenance and operation of communications facilities; employment of French labor; and procurement of local produce and supply.⁵

EUCOM and French representatives first met in December 1949 to develop detailed U.S. requirements and cost estimates. A EUCOM survey team assisted by French officers developed these estimates from an inspection of available facilities.⁶

⁴EUCOM Anl Narrative Rept, 1949, pp. 341 - 42.

⁵The Occupation Forces in Europe Series, International Aspects of the Occupation, 1 Jul 47 - 31 Dec 48, p. 14.

⁶7966th EUCOM Det Anl Narrative Rept, 1950, pp. 28 - 30.

The U.S. Embassy in Paris began negotiations with the French Foreign Office on 2 March 1950 to secure approval of U.S. requirements in France; establish the legal status of U.S. and LS personnel who would be stationed in France; and reach agreement on funding the establishment and operation of the line of communications. The 7966th EUCOM Detachment represented EUCOM in the discussions and advised the Embassy on military requirements.

The discussions on the status of U.S. forces in France were deferred until completion of the financial agreement. Both parties felt that the Civil Affairs Agreement of 1948 would suffice until a revision could cover the new demands of the line of communications. Since the U.S. Senate did not ratify until 23 August 1953 the NATO Status of Forces Agreement of June 1951, the Civil Affairs Agreement continued in effect during the first years of LOC operations.

Meanwhile, an agreement signed on 6 November 1950 had authorized the United States to operate a line of communications from the ports of Bordeaux and La Pallice to the German frontier and to use French railroads as the principal means of transportation. The agreement was to be effective for five years with rights for renegotiation at the end of that period, and either party could terminate it with a 6-month notice.⁷

Even before the 1950 agreement had been signed, the first LOC concept had been outdated by the plans for the troop augmentation that was to take place in 1951 and 1952. Funding, installation, and personnel strength figures had to be increased to meet the changing situation; the U.S. and French representatives therefore resumed their negotiations to work out the details.

The U.S. augmentation planning called for the expenditure of \$50 million; troop strength increases to 10,000 by June 1951, LS increases to 1,500, and employment of 6,000 French nationals; construction of a pipeline across France; and additional port facilities. Negotiations continued until 15 February 1951, when the French approved the LOC expansion. Throughout the initial 5-year period of the LOC agreement, the military requirements led to continual expansion, and as a result the U.S. forces employed more French nationals.

⁷Establishment of Communications Through France, 1950 - 1951 (hereafter cited as Establishment of Communications), USAREUR Hist Div, 1952, pp. 10 - 17.

As the only major U.S. military organization in France during the initial planning and negotiating phase, the 7966th EUCOM Detachment was the logical choice from which to develop a new command. On 15 July 1951 EUCOM redesignated it 7966 Headquarters Group (EUCOM Communications Zone) and assigned it to EUCOM Communications Zone.⁸

15. Labor Service

a. The U.S.-French Agreement. The basic LOC plans provided for employing LS personnel to guard installations. Since the introduction of non-U.S. personnel required specific French approval, the U.S. and French Governments negotiated the conditions for employing LS units and exchanged letters on the subject that were attached to the November 1950 LOC agreement.

The major stipulation of the agreement was that EUCOM would recruit 750 Polish displaced persons in its zone of occupation in Germany. It would issue uniforms similar to those of U.S. soldiers, organize the personnel in military units, and subject them to U.S. military discipline and law. EUCOM would inform the French of the arrival and departure of LS personnel, and the French could demand the removal from France of any individuals considered undesirable. Before moving LS personnel into France, the U.S. forces would submit their personal data to the French passport and visa authorities, who would screen each individual. The U.S. forces promised to return to Germany all LS personnel who were no longer required or whose services were terminated. The screening process, which in effect was registration with the police, was the opposite of practices in Germany, where LS personnel did not register with German police agencies for security reasons.

Labor service strength and employment in France were subject to three control factors: French Government approval of strength ceilings; EUCOM allocation of Polish personnel; and French and German border clearances. The limitations to use only Polish personnel and the need to cross international borders presented problems that hampered operations. Throughout the 1950-1955 period actual strength figures remained below authorizations.

b. Strength Increases. The initial strength ceiling for LS personnel in France -- considered adequate for the type of LOC

⁸(1) Establishment of Communications, cited above, pp. 104 - 05. (2) EUCOM COMZ Comd Rept, 1951, p. 159. (3) EUCOM GO 49, 1951. (4) For convenience, the abbreviation USACOMZEUR (U.S. Army Communications Zone, Europe) will be used in this monograph.

then planned -- was 750. If necessary, the U.S. forces could modify the strength ceiling and submit the new figure to the French for approval.

The need for more LS personnel to secure additional facilities arose at an early date. In February 1951 the U.S. forces requested an increase of 500 LS personnel but discovered almost immediately that the figure would be insufficient and raised it to 750. The French authorities quickly approved the new ceiling of 1,500 LS personnel. Further increases occurred in January, February, and April 1952, when the French raised the LS ceiling to 2,000, 3,000, and 5,000 respectively. USACOMZEUR requirements for LS personnel stabilized at 5,000, but EUCOM manpower allocations and authorizations and the reluctance of Polish personnel to go to France made the approved strength ceiling unattainable.⁹

All LS personnel came from Germany. EUCOM was able to meet the initial requirement during 1951 and 1952 largely because of the overall increase of LS strength in Germany and the availability of Polish personnel. During this period, LS units in Germany had no difficulties in recruiting German civilians, and EUCOM was thus able to shift the Poles to France. In August 1952, however, USAREUR slowed shipments to France in accordance with the policy of finding replacements before transferring personnel. Also, many Polish personnel preferred to remain in Germany, where they had social insurance and hospitalization benefits as well as adequate housing for their families. In France they would not be covered by French social insurance, and would not receive medical care since the existing regulations limited use of Army medical facilities to U.S. military and civilian personnel and their dependents. Housing was difficult to obtain in France, and the French did not authorize married personnel to have their families with them. Because of these conditions personnel often refused shipment, and many who had been sent to France returned to Germany. Consequently, USAREUR often could not fill requests for LS personnel, and in August 1954 began forced transfer to provide a minimum LS force. About 50 percent of those selected for transfer refused to go and were discharged.

⁹(1) Establishment of Communications, cited above, pp. 17, 106. (2) EUCOM COM Z Comd Rept, 1951, p. 4. (3) USAREUR COM Z Comd Rept, 1952, p. 106. (4) EUCOM/USAREUR Comd Rept, 1952, pp. 90 - 92.

The following table illustrates the impact of the above conditions on authorized and actual LS strength in France from 1951 to 1955.

LS Strength in France

<u>January</u>	<u>French Approved</u>	<u>EUCOM/USAREUR Authorized</u>	<u>Actual</u>
1951	1,500	1,100	769
1952	2,000	2,000	1,454
1953	5,000	2,400	2,393
1954	5,000	2,365	2,347
1955	5,000	3,047	2,665

c. Border Crossing. LS personnel recruited in the Federal Republic could not cross the German-French border without proper German documentation. Police registration was a prerequisite for obtaining a passport. In 1951 EUCOM had secured exemption from the F.R.G. registration law for LS personnel because of the mobile nature of the units; consequently, few LS personnel had registered with police.¹⁰

The F.R.G. authorities requested in early 1952 that all LS personnel register with the police under existing law. In addition to the obvious reasons for keeping law and order, registration was necessary to check on the number of refugees who entered the Federal Republic and then joined LS units without documentation.

The German authorities suggested that the appropriate American supervisor sign a roster of LS personnel at each post and give it to the local police for registration purposes. Lack of coordination among German agencies and security considerations on USAREUR's part prevented implementation of this procedure.

An agreement reached in September 1952 permitted DP labor service personnel to cross German borders upon presentation of U.S. Army travel orders and LS identification cards. The Germans authorized only two crossing points and required personnel to be in uniform. By the time of this agreement more than 1,700 LS personnel had entered into France without proper documentation.

¹⁰ (1) EUCOM Comd Rept, 1951, p. 125. (2) EUCOM/USAREUR Comd Rept, 1952, pp. 13 - 15, 90, 94. (3) USAREUR COM Z Hist Repts, FY 1954, p. 151, and FY 1955, p. 86. (4) USAREUR Anl Hist Rept, FY 1955, pp. 111 - 12.

d. Reentry and Social Insurance Problems. The solution of this problem by no means resolved such other questions as the return to Germany and the loss of social insurance coverage. The Homeless Foreigner Law of 1951 stated that any homeless foreigner who left the Federal Republic and did not return within two years to reestablish residence would lose his status and legal rights. The initial LOC agreement was valid for five years so that LS personnel would probably remain a minimum of five years in France, where they would not be covered by any form of social insurance.

As German sovereignty approached, the issuance of proper documentation to LS personnel became urgent. The French considered LS personnel as civilians even though they were organized in quasi-military units. As civilians they had to possess valid documents to reside or visit France. USACOMZEUR was thus sponsoring individuals who, because of the lack of proper documentation, could not return to Germany or remain legally in France.

In early 1955 U.S. and German representatives agreed to send LS personnel to Kaiserslautern for necessary interviews and issuance of German documentation. A survey conducted by USAREUR at this time revealed that 1,604 LS personnel had no documents but were eligible for them, 148 had no documents and it was questionable if they were eligible, and 140 had valid documents from countries other than Germany. In April 1955 small groups of LS personnel began to process in Germany, and most of the LS personnel received their documentation within the following year.¹¹

e. Pay and Allowances. To attract more employees and compensate for the lack of housing facilities and social benefits in France, the U.S. forces made efforts to extend more pay and allowances advantages to LS personnel in that country. In France, LS personnel were paid from appropriated dollar funds from the outset. Payment was made in converted French Francs; after January 1952, LS employees received a partial payment of \$10 in military pay certificates (MPC) to cover authorized purchases in post exchanges and costs of laundry, dry cleaning, and related services.

¹¹ (1) EUCOM/USAREUR Comd Rept, 1952, p. 90 - 92. (2) USAREUR COM Z Hist Rept, FY 1955, pp. 112 - 14. (3) Intvw, Mr. B. H. Siemon, USAREUR ODCSOPS Mil Hist Br, with Mr. E. A. Zoellner, USAREUR ODCSPER Civ Pers Div Compen and Labor Rel Br, 6 Nov 67.

In February 1952, after a EUCOM-wide pay adjustment, the following schedule applied to LS personnel in France:¹²

<u>Officer Equivalent</u>		<u>Enlisted Man Equivalent</u>	
LSO-6	\$262.00	LS-7	\$105.04
LSO-5	\$223.54	LS-6	\$ 94.45
LSO-4	\$184.06	LS-5	\$ 85.28
LSO-3	\$157.65	LS-4	\$ 73.76
LSO-2	\$131.29	LS-3	\$ 67.09
LSO-1	\$118.17	LS-2	\$ 61.70
		LS-1	\$ 49.90

In September 1955 USACOMZEUR recommended the following improvements to attract more LS personnel to France: full PX and quartermaster gas and oil privileges; commissary privileges for families; full payment in MPC's and use of American Express banking facilities; and payment of a dislocation allowance. USAREUR approved these recommendations, except for the extension of commissary privileges and the granting of a dislocation allowance, which were contrary to current directives. With full payment in MPC's, USAREUR also allowed LS personnel to purchase all types of negotiable dollar instruments. Although these additional privileges improved conditions in France, they did not facilitate recruiting in Germany.¹³

16. Local Nationals

The agreement concerning procurement of supplies, services, and facilities, signed on 14 December 1950, contained the basic outlines for the employment of LN personnel. The agreement specified that the appropriate French intendant (quartermaster) would recruit, screen, pay, and upon request of the U.S. forces, discharge French civilian labor. The U.S. forces would request personnel to fill requirements, accept applicants sent by the French, request discharges, and certify time charts. The brevity of the section pertaining to civilian labor was later to create problems when LOC labor requirements expanded.¹⁴

a. Trends. During the first five years of LOC operations, the principal causes of difficulties in recruiting and retaining LN personnel were the limited availability of manpower; the long distances between U.S. installations and recruiting centers, the

¹² USAREUR COM Z Comd Rept, 1952, pp. 105 - 06.

¹³ USAREUR COM Z Hist Rept, FY 1956, pp. 99 - 101.

¹⁴ Agreements Pertaining to the USAREUR Line of Communications Through France, USAREUR Hist Div, 1955, p. 26.

shortage of housing in the vicinity of U.S. facilities and the discrepancies between the wages paid by U.S. forces and French industry. Since U.S. efforts to resolve these difficulties were never fully successful, LOC installations experienced continual understrength and excessive turnover of personnel.

Immediately after promulgation of the LOC agreements, the 7966th EUCOM Detachment hired LN personnel. During the last six months of 1950 the number of local nationals rose from 134 to 1,207; the majority worked in Paris. Decentralization of activities from Paris to the French provinces, following USACOMZEUR headquarters' move to Orleans and the establishment of installations in remote and thinly populated areas, resulted in the resignation of most of the civilian work force. The substandard conditions in the newly acquired LOC sites also prompted most of the Department of the Army civilians to resign. Thus, at the onset of LOC development, USACOMZEUR faced critical personnel shortages.

By December 1951, as the line of communication expanded and some installations were ready for operation, USACOMZEUR needed approximately 6,000 local nationals but had only 2,508. It had been possible to recruit linguistically capable personnel in the Paris area, but in the rural areas few English-speaking French civilians were available. Also, there was a large turnover in LN personnel because of faulty classification and security screening by local intendants and differences between French industrial wages and those offered by the U.S. forces.¹⁵

To improve its competitive position, in December 1951 USACOMZEUR revised job allocations, classifications, and wages to correspond to those in French industry. This program, and other readjustments to conditions in French industry in 1952, produced impressive results in recruiting LN personnel. The understrength in workers, which averaged 30 percent over the first eight months of 1952, decreased to 17 percent in September. Additionally, the monthly turnover rate decreased from 6.7 to 4.5 percent. As of 31 December 1952, USACOMZEUR employed a total of 5,692 LN personnel.¹⁶

¹⁵(1) 7966th EUCOM Det Comd Rept, 1950, pp. 11 - 14.
(2) EUCOM COM Z Comd Rept, 1951, pp. 168 - 71.

¹⁶USAREUR COM Z Comd Rept, 1952, pp. 102 - 03.

Early in 1953 the French Government reconsidered the December 1950 agreement since it wanted to exert tighter control over its nationals employed by Allied forces. Acting under the powers granted by Article 9 of the NATO Status of Forces Agreement, which provided that the host nation would determine the terms of employment, wages, supplementary payments, and work conditions, the French Government prepared a new employment statute. It specified that, as the employer, the Minister of National Defense would recruit and pay LN personnel through local intendants; the U.S. forces would request personnel when required; and the French would conduct security screening. The statute was more detailed and specific than the old agreement.

USACOMZEUR objected to the proposed statute mainly because it threatened to nullify the progress made during 1952. However, even though the U.S. Army employed the greatest number of LN personnel, USAREUR lost control over the matter. USCINCEUR made USAFE headquarters responsible for the negotiations with the host country officials, and on 2 October 1953 USAFE agreed to the new statute.

When the new statute became effective on 1 January 1954, the French assumed responsibility for recruitment, preemployment clearance, position classification, salary payment, separation at the request of the U.S. forces, liaison with labor unions, and inspection of working conditions. The local intendants carried out these functions, and the U.S. forces paid the costs of French administration in the form of a service charge computed as a percentage of the total wages paid to LN personnel. The U.S. forces retained responsibility for internal management and employee utilization.¹⁷

The implementation of the new procedures resulted in varying delays and frequent indifference to U.S. requests for personnel. Local intendants, because of inadequate knowledge of their full responsibilities and lack of planning, were often unable to carry through effective administration of LN personnel. They had to relay personnel requests from U.S. forces to the local labor offices, which often failed to act promptly to meet American requests.

Periods up to three months elapsed between the request and final referral of personnel. Especially in the area of salary payments did the varied methods create problems. In January 1955 some LN employees of the ordnance section at the Bleriot plant went on strike because of the dilatory pay procedures of the local intendant. Not only was

¹⁷(1) USAREUR COM Z Comd Rept, 1 Jan 53 - 30 Jun 54, pp. 180 - 85. (2) USAREUR COM Z Hist Rept, FY 1955, p. 117.

their pay up to 15 days late, but as many as 52 percent of the paychecks had been incorrect in November and December 1954. The French Liaison Mission therefore instructed all intendants to expedite the payment of wages and improve the accuracy of payrolls.

Conditions improved as the French became more familiar with U.S. procedures, but the delays between personnel requests and referrals continued. They resulted mainly from lengthy security screening procedures, belated action on requests, and difficulties in finding the type of personnel requested.

In September 1954 USACOMZEU reported that recruitment of French secretarial and technical personnel with English language ability had become almost impossible in many areas. At this phase of LOC operations, technical skills were more necessary than during the development period, when unskilled laborers comprised most of the work force. Even when personnel with the desired skills were available, it would normally take one month before they were on the job. Because of the lack of skilled personnel, those hired had to receive up to three months' training before they were able to assume the responsibilities of the job they were supposed to fill.

Recruitment problems were extremely critical in eastern France. In 1954 the Trois Fontaines Ordnance Depot reported that more than 400 of its authorized 1,365 LN spaces were unfilled. A survey of the local labor market revealed that only North African personnel were available in appreciable numbers, but the local intendant would not hire them. An unusually high turnover rate compounded staffing difficulties in eastern France. In December the Nancy Ordnance Depot reported an average monthly turnover rate of 46 percent for the preceding eight months. Even continual recruiting was of little help in the steadily dwindling labor market. On 31 December 1954 USACOMZEU employed a total of 13,201 LN personnel, which was 1,062 below authorized strength.

The Civilian Personnel Coordinating Committee, a joint U.S.-French organization that met regularly to discuss the civilian recruitment and employment aspects of LOC operations, decided in July 1955 to attempt country wide recruitment drives. The French Liaison Mission instructed the central intendant to coordinate dissemination of information concerning employment with U.S. forces. The information was circulated in Paris and areas where no U.S. forces were located. This method opened untapped labor resources but did not provide all the personnel needed, since the number of vacancies increased to 1,425 by the end of 1955.

b. Pay and Allowances. Local national personnel in France were paid from appropriated dollar funds, except during 1951 when the U.S. forces used 100 million Francs of the French contribution to LOC operations for payment of civilian labor. The French Ministry of Labor established the first wage schedule; in addition to basic wages, the U.S. forces paid a 5-percent employer's tax and social security charges. Since the wage rate was lower than comparable rates paid by French industry, USACOMZEUR submitted and the French approved a wage system based on the then existing French rates.¹⁸

The USACOMZEUR personnel program of December 1951 established French Schedule A (FSA) for hourly-paid personnel and French Schedule B (FSB) for monthly-paid employees. The FSA wage rates were scaled in 22 grades, with 8 steps each, and the FSB salary rates ranged from Step 1 in Grade 1 to Step 5 in Grade 15. The pay increases were retroactive to 1 September 1951. In August 1952 USACOMZEUR paid special bonuses that amounted to a 15-percent increase for monthly-paid employees and a 22-percent increase for hourly-paid workers.

USACOMZEUR also introduced bonuses and other advantages in addition to applying French labor law requirements. The types of bonuses and methods of awarding them varied in several instances between FSA and FSB personnel, as was the practice in French industry. Step increases in grade were automatic for personnel under the FSA schedule after six months' service in a low step, and the same applied to FSB personnel up to Step 3, after which a year in step was required before advancement. FSA personnel were eligible for a monthly efficiency increase as an incentive for improved work performances. All FSB personnel hired as of 1 January received a Christmas bonus of one month's pay and those hired before 30 June one-half month's pay.

Several other allowances applied uniformly to both wage schedules. Personnel recruited from an area more than 100 kilometers from the installation where they were employed received a daily displacement allowance payable for a maximum of 60 days. Basic annual leave was set at 15 days, with personnel under 21 receiving an additional 3 days. Using Army regulations as the basis, USACOMZEUR authorized per diem for LN personnel traveling on temporary duty.¹⁹

¹⁸(1) EUCOM COM Z Comd Rept, 1951, pp. 169 - 70, and App 12.
(2) USAREUR COM Z Hist Repts, FY's 1955, pp. 117 - 31, and 1956, pp. 81 - 82, 120.

¹⁹Ltr, EUCOM COMZ to distr, 26 Oct 51, subj: Salary and Wage Schedules for Local Wage Rate Personnel. AG 248 CV.

The French personnel statute of 1 January 1954 changed some aspects of the pay and allowances system for LN personnel. It reduced annual leave to 12 days, with an additional day granted after 5 years' service. Personnel under 21 received 18 days' leave per year. The statute also abolished the daily displacement allowance. Transportation allowances were payable to personnel who traveled long distances to their place of employment, used their funds for commercial transportation, or traveled by bicycle because no public transportation was available. The statute provided for additional pay per hour for personnel who had greater responsibilities or possessed certain technical skills. Step increases were no longer automatic. Supervisors were to recommend personnel for step increases, and the local intendant would approve the change. A worker, if recommended and selected, could advance to Step 2 after 6 months in Step 1; to Step 3 after 1 year in Step 2; and to Steps 4 and 5 after 2 years in Steps 3 and 4 respectively.

Under the new schedules of 1954 there were 7 categories with 5 steps for hourly-paid personnel, and 80 job categories with 5 steps for monthly-paid personnel.

On 1 March 1955 U.S.-French agreements reinstated the daily displacement allowance and instituted a single allowance to cover all transportation reimbursements. LN personnel whose homes were 50 kilometers from their place of work and who maintained a second place of residence near their place of work for at least six months were eligible to receive a fixed allowance. Employees who commuted daily received a travel allowance based on railroad fares.²⁰

²⁰(1) Statute Applicable to Labor Hired for the Allied Forces in France, 1 Jan 54, pp. 3 - 12, and Anx I, pp. 1 - 4. Cy in USAREUR ODCSPER Civ Pers Div Compen and Labor Rel Br. (2) USAREUR COM Z Hist Rept, FY 1955, pp. 127 - 29.

CHAPTER 5

THE SOUTHERN AREA -- U.S. FORCES IN AUSTRIA AND ITALY

17. Military and Political Developments

a. Italy. From the U.S. Army's standpoint, the southern part of Europe was of lesser significance in the immediate postwar period than was Germany. The invasion and liberation of Italy had been accomplished by the Allied Forces Headquarters (AFHQ) -- a separate command, whose U.S. component was known as Mediterranean Theater of Operations, U.S. Army (MTOUSA).¹

In the case of Austria, the original Allied plan had been to invade from the south, using the troops of AFHQ's 15th Army Group, which was at the time fighting its way through northern Italy. Because of the rapid Soviet advance into eastern Austria and the lessening German resistance in Bavaria, in April 1945 SHAEF transferred the mission to ETOUSA, and the U.S. Seventh and French First Armies invaded western Austria at the end of April.

The Allied and U.S. policy toward Italy and Austria had differed from that toward Germany. Whereas the latter nation had been the principal enemy in Europe, Allied attitudes toward both Italy and Austria oscillated between considering them as enemy nations and as victims of Nazi aggression.

Allied forces invaded Sicily on 10 July 1943, and later in the month the Italian king deposed Mussolini and appointed

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Summary of Supply Activities in the Mediterranean Theater of Operations (hereafter cited as Summary of Supply Activities), MTOUSA G4 (ca. 1 Oct 45), pp. 1 - 3. Cy in AEAGC-XH files.

Marshal Pietro Badoglio as both head of government and commander of the armed forces.² Almost immediately the Badoglio government entered negotiations with the British and American Governments (those being the only major powers engaged in the Mediterranean theater). The three signed a formal armistice agreement on 3 September, a week before the invasion of the mainland. The armistice agreement went into effect on 8 September; its terms called for the Italian armed forces to stop fighting against Allied forces, granted the Allies the right to occupy Italian territory, and required the Italian Government to provide the Allied forces with local currency as required. In general the armistice left governmental functions to the Italians, but under the supervision of the Allied Commander in Chief operating through an Allied Control Commission.

On 13 October 1943 the Italian Government declared war on Germany, thereby becoming in effect an ally of its former enemies. Nevertheless, the Allies officially proclaimed that the terms of the armistice remained in effect. The Allied Control Commission actually formed on 10 November under the presidency of the Supreme Allied Commander, Mediterranean Theater.

In October 1944 the U.S. Attorney General officially withdrew the status of "enemy aliens" from Italian citizens, and late in the month the United States resumed formal diplomatic relations with Italy. On 1 January 1945 U.S. consular offices resumed the issuance of visas to Italians for travel to the United States.

On 1 March the Allied Control Commission relaxed its control over the activities of the Italian Government and restricted its sphere of influence to Allied military matters.

The war ended in May with the surrender of the German forces. In Italy the Venezia-Giulia area surrounding Trieste -- a disputed territory claimed by both Yugoslavia and Italy -- was

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- (1) A Review of Civil Affairs (hereafter cited as USFA, Civil Affairs), U.S. Forces in Austria, 31 Mar 48, pp. 1, 17 - 21. (2) Mary H. Williams, Chronology, 1941 - 1945, UNITED STATES ARMY IN WORLD WAR II (Washington, 1960, pp. 122, 524 - 27. (3) Operations in Sicily and Italy, July 1943 to May 1945, USMA (West Point, New York, 1945), pp. 1 - 10, 25, 31.

established as occupied territory governed by the Allied Commission under the jurisdiction of the Supreme Allied Commander.³

Until early 1947 MTOUSA remained in Italy with three subordinate elements: The American Graves Registration Service, Mediterranean Theater; the 88th Infantry Division, which occupied the U.S. sector of Venezia-Giulia; and the Peninsular Base Section at Livorno (Leghorn), which served as the supply base for the U.S. elements in Italy and Venezia-Giulia.

The Allied Powers signed the peace treaty with Italy in February 1947; after ratification by the Italian parliament, it became effective on 14 September. Along with a number of minor territorial concessions, the treaty required Italy to cede a portion of Venezia-Giulia to Yugoslavia, while the remainder -- the city of Trieste and surrounding area -- became a free territory under United Nations jurisdiction. The treaty also called for all foreign military forces to leave Italian territory within 90 days of ratification.

Accordingly, by 15 December 1947 MTOUSA was discontinued, its personnel transferred out of Italy, and the two U.S. elements remaining in the country -- a military liquidation section in Rome and the American Graves Registration Service -- became subordinate to the European Command (EUCOM) in Germany. The supply installation in Leghorn closed, so that in effect the only U.S. military personnel remaining in Italy were assigned to residual activities of a decidedly temporary nature.⁴

The 5,000 former MTOUSA troops remaining in the Free Territory of Trieste served as the U.S. element of the joint occupation force under the designation Trieste United States Troops (TRUST).⁵

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United States and Italy, 1936 - 1946, Documentary Record, Dept of State Pub 2669, European Series 17, USGPO (Washington, 1946), pp. 50 - 155, passim.

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(1) The Occupation Forces in Europe Series, Second Year (hereafter cited as Occupation, 2d Yr, Vol 5, pp. 78, 80 - 83. (2) Summary of Supply Activities, cited above, p. 5. (3) The New International Yearbook, Events of 1947, Funk & Wagnalls Co (New York, 1948), pp. 252 - 53. (4) The Occupation Forces in Europe Series, Third Year, The Second Quarter: 1 October - 31 December 1947, Vol 1, p. 56.

⁵D. J. Hickman, The United States Army in Europe, 1953 - 1963, USAREUR Ops Div Hist Sec, 1964, pp. 27 - 28.

b. Austria. In the initial postwar weeks, ETOUSA's tactical forces occupied their assigned areas of Austria; they applied to Austria the same SHAEF occupation policies that had been planned for Germany.

In June military government elements from the 15th Army Group in Italy began to arrive in Austria and to develop and implement directives specifically keyed to the Austrian situation. On 1 July 1945 ETOUSA was redesignated U.S. Forces, European Theater (USFET), and four days later USFET redesignated the U.S. contingent of the disbanded 15th Army Group as U.S. Forces in Austria (USFA).⁶

In November 1945 free elections were held in Austria for both a national parliament and state-level legislatures, and a coalition cabinet took office in December. The country remained occupied, of course, and the Austrian Government was subject to the control of the quadripartite Allied Commission for Austria. On 28 June 1946 the four occupying powers signed an agreement that liberalized the terms of the occupation. Except for specific powers retained by the Allies, the Austrian Government achieved virtual sovereignty. The occupation forces would have the right to intervene to maintain law and order if the Austrians were unable to do so and would continue to have primary jurisdiction in all matters related to the demilitarization and denazification programs. The Allied Commission could also veto Austrian legislation, but would otherwise have to operate through Austrian governmental agencies. The four-power agreement lifted all restrictions on movement within the country and gave the Austrian Government the right to control its frontiers, to organize and operate customs services, and to establish diplomatic relations with other countries as it might choose.

Economic stabilization had begun in December 1945, when the newly formed coalition government replaced the German Reichsmark currency with the Austrian Schilling. The terms of the occupation required the Austrian treasury to bear the costs of the occupying powers, but in July 1947 the United States renounced its right to occupation funds and thereafter purchased required Schilling -- thereby assisting in the economic recovery by providing the Austrian Government with dollar credits.⁷

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(1) USFA became an independent command under the JCS on 23 May 1949. (2) O. J. Frederiksen, The American Military Occupation of Germany, 1945 - 1953, USAREUR Hist Div, 1953, p. 29.

⁷USFA, Civil Affairs, cited above, pp. 3 - 13, 22 - 23, 26 - 27, 30.

Negotiations for a peace treaty began in London during 1947, but Soviet obstinacy during a series of conferences held through 1950 convinced the the Western Allies that there was no prospect for immediate success in these negotiations. In early 1951 USFA began a construction program to support a long-range occupation.

c. U.S. Troop Withdrawal from Italy and Austria. In October 1954 the powers involved recognized the futility of further attempts to maintain Trieste as a free territory and signed a new agreement that ceded a portion of the disputed area to Yugoslavia, while the city of Trieste, including the surrounding area, reverted to Italy. By the end of the year the TRUST units had left Venezia-Giulia, with their personnel either returning to the United States or joining USFA or USAREUR.

In April 1955 the Soviets unexpectedly offered to sign a peace treaty with Austria. On 15 May the four powers signed a treaty guaranteeing the neutrality of that country and prohibiting the stationing of foreign troops on Austrian soil. By 22 October all U.S. Army units had departed Austria -- some going to USAREUR in Germany, while others moved to Italy to form the U.S. Army Southern European Task Force (USASETAF).⁸

18. Civilian Employment in the Combat and Immediate Postcombat Period

a. Italy. After the invasion of Sicily the Allied military government civil affairs elements converted the provincial Fascist trade union offices into regional employment offices and used them to recruit employees for the occupying armies. The military government granted the employees an increase in pay and preferential pay rates, and encouraged them to form and belong to labor unions. At the peak, the Allies employed approximately 40,000 Italian civilians in Sicily, thereby becoming the largest single employer of manpower on the island.⁹

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Hickman, op. cit., pp. 28 - 32.

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Dept of State Pub 2669, cited above, App F, p. 225.

Except for leading Fascist officials, whom they discharged summarily, the military government agencies retained the union office staffs to operate the employment offices under Allied supervision. The Allied forces then invited the civilian populace to register for employment and, because of unemployment resulting from the chaos of the immediate postcombat situation, the offices were overrun by applicants. As a basic Allied policy, there was no discrimination in employment except that preference was given to former political prisoners of the Fascist regime, persons who had been denied employment under the Fascist regime for political or religious reasons, and heads of families who could demonstrate pressing economic need.

A military government order of 24 September 1943 formally established the labor offices; it provided for a regional office for all of Sicily, which controlled a provincial office in each of the island's nine provinces.

(1) Conditions of Employment. On 1 October the military government promulgated uniform wage scales and conditions of employment for civilian employees of the armed forces. The directive provided for an 8-hour workday, with time-and-one-half overtime payments for any hours worked in excess of eight in a single day; however, there was no provision for extra compensation for work performed on Sundays or holidays. New employees served a 1-week probationary period during which they received only the minimum wage for the job category and after which the employing service could readjust their pay. Armed forces employing agencies did not make any payroll deductions, and employees themselves were responsible for paying the contributions required by law.¹⁰

Under the terms of the armistice agreement with Italy, as modified by supplemental agreements signed on 29 September, the Italian Government was to "make available such other local resources or services as the United Nations may require."¹¹ Since the Italian Government was initially unable to comply with these terms, the Allied forces adopted the expedient policy of paying -- in occupation currency -- for procurement that could not await the functioning of Italian agencies. This policy applied also to the local procurement of labor.

¹⁰Fld Rept 12, Labor in Sicily from 10 July 1943 to 26 October 1943, quoted in H. L. Coles and A. K. Weinberg, Civil Affairs: Soldiers Become Governors, UNITED STATES ARMY IN WORLD WAR II (Washington, 1964), pp. 202 - 03, 391 - 95.

¹¹Dept of State Pub 2669, cited above, pp. 51 - 52, 55 - 59.

In Italy the U.S. forces employed only static workers, whereas the British organized also some mobile labor units. The principal categories of civilians employed by LOC base sections were technicians, clerical workers, supply handlers, guards, repairmen, dock workers, and unskilled laborers.¹²

In February 1944 the military government authorized the provision of food to civilian employees. However, the individual receiving such food would obtain it only as a matter of operational necessity, pay for it, and eat it on the job. In practice, U.S. commanders served a noon meal to their local national (LN) employees and deducted the charges for such meals from payrolls; often the noon meal was of greater significance than the wages offered in inducing Italians to seek employment with the U.S. forces.

The U.S. forces also gave emergency treatment to LN employees at U.S. medical facilities and opened special sales stores to provide them with an opportunity to purchase such supplies as sugar, tea, cloth, and soap, against ration cards -- obviously another recruitment stimulant. The practice had to be stopped, however, when these supplies were diverted into the black market and a flourishing trade in the ration cards themselves was uncovered.

(2) Labor Unions. In the interest of furthering democratic concepts and institutions, Allied military government agencies in Sicily encouraged the formation of free labor unions. By October 1943 several unions functioned on the island, and similar developments followed quickly on the mainland. By that time there was already considerable labor unrest on the island, primarily a result of food shortages and rapidly rising costs of living that were not matched by wage increases, but there had been no strikes. The military government had formally granted the right to organize free labor unions in Sicily on 24 September 1943 and in the liberated portions of mainland Italy on 18 January 1944.

This experiment in democracy proved a complete success, for despite economic chaos and serious shortages of food, there was not one single significant work stoppage in the liberated areas of Italy during the first year following the invasion of the mainland.

¹²(1) C. G. Blakeney, Logistical History of NATOUSA-MTOUSA, 11 August 1942 to 30 November 1945, MTOUSA G4 (Naples, Italy, 1945), pp. 279 - 80, 356, 398 - 403. (2) Summary of Supply Activities, cited above, p. 37.

(3) Numerical Peak and Reduction. Employment of civilians reached a peak in February 1945, when the Army base sections in Italy -- including the Italian islands -- employed approximately 64,350 local nationals; in northern Italy the U.S. Fifth Army employed an additional 15,200, bringing the total close to 80,000. Air Force elements employed approximately 46,000 -- the majority in Italy, but an undetermined number in North Africa.¹³

The war in Italy ended with the surrender of the German forces on 2 May. During the summer of 1945 redeployments rapidly reduced the number of U.S. personnel in Italy, simultaneously reducing the need for Italian civilian employees, although not as rapidly because they were needed to support the redeployment phase. Nevertheless, by 30 September 1945 the number of local nationals employed by U.S. ground and air elements of the Army in Italy was but slightly over 58,000. At this time the Allied forces were still in control of large numbers of German prisoners of war (PW's), but Allied military government policy specifically prohibited the substitution of German PW labor for Italian civilian employees. This policy was intended to reduce unemployment and restore economic stability to Italy.¹⁴

b. Austria.

(1) Conditions of Employment. To provide stability, the Allied military government in Austria first froze wages at the levels of the German tariffs that were in effect at the time Austria was occupied. As was the case in Germany, wage scales for LN employees of the U.S. forces were based on the wage tariffs of public-service employees. In October 1945 the Allied Council changed this policy, however: Because of the administrative complexity of the public-service tariffs, the civilian employees of all four occupying powers were to be paid under wage scales that were equated to the tariffs applying to civilian commercial employees. In the same month the U.S. forces adopted the policy of providing to civilian

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(1) Blakeney, op. cit., pp. 280 - 81, 352 - 53. (2) Coles and Weinberg, op. cit., pp. 396 - 99.

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(1) Summary of Supply Activities, pp. 37 - 38. (2) Operations in Sicily and Italy, p. 95. Both cited above. (3) Blakeney, op. cit., p. 282. (4) Coles and Weinberg, op. cit., Part Two, passim.

employees at minimum cost a noon meal that was free of rationing controls. At the time there was a critical food shortage in Austria and very stringent rationing at bare subsistence levels; the noon meal thus served as a strong recruiting inducement. Despite the equating of U.S. forces' civilian wages to commercial tariffs, it was not until June and July 1946, respectively, that Austrian employees of the forces received vacation and sick-leave benefits equivalent to those in effect in the civilian economy.¹⁵

From the very beginning U.S. occupation authorities gave the appropriate Austrian agencies as much responsibility as possible in order to reestablish a viable democratic form of political life in the country. This attitude extended to the Austrian labor recruitment, since the occupation forces would not hire civilian employees directly but through local labor offices. Allied directives and Austrian labor regulations specifically subjected ex-enemy¹⁶ displaced persons to the same labor laws as applied to Austrians. Conversely, Allied military government did not require United Nations displaced persons to accept employment, even when Austrian labor regulations required personnel to accept work or suffer a one-third reduction in their authorized food rations and subsequently permitted the drafting of labor. It appears that most displaced persons in Austria preferred to stay in their camps and do nothing, for in July 1946 the Allied military government revised its policies so as to force United Nations displaced persons -- except for those categorized as persecutees -- to accept employment. At no time were displaced persons a major component of the U.S. forces' civilian work force, as was the case in Germany.¹⁷

The terms of the occupation called for the Austrian Government to pay the costs of the Allied occupying forces, to include the wages of LN employees. Initially the Austrian

¹⁵Report of the United States Commissioner (hereafter cited as Rept of U.S. Com), Hq USFA, Nov 45, pp. 25, 138, 140, 143 - 44; Jun 46, p. 194; and Jul 46, p. 223.

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Defined as German citizens, citizens of countries allied with Germany during World War II, and German nationals who had been residents of such countries as Czechoslovakia and Hungary.

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Rept of U.S. Com, cited above, Nov 45, pp. 7, 25, 36, 140 - 41; Dec 45, pp. 93 - 94; and Jul 46, p. 51.

agencies were unable to do so, but by October 1945 their gradual acceptance of administrative and financial responsibility was complete and they were paying all civilian employees of the U.S. forces. In December 1945 -- the month of the conversion from Reichsmark to Austrian currency -- the U.S. forces paid their employees an average gross monthly wage of 283.50 Austrian Schilling (\$28.35), which was a little more than the average 260-Schilling monthly wage paid by the municipal government of Vienna to the 48,000 city civil service employees.

(2) Labor Unions. As early as April 1945 Allied military government agencies encouraged the formation of democratic trade unions in Austria. On 8 October 1945 the Allied Council declared that as a matter of principle Austrian workers and employees could form trade unions and engage in collective bargaining. By November the Austrian Trade Union Federation, with 16 primary member unions and a large number of further subdivisions, claimed 400,000 members. Although there was some limited dissatisfaction with wages in certain industries, there was no labor unrest or significant agitation for wage increases.

(3) Labor Shortage. At no time during the occupation was there serious unemployment in Austria. While there were persons unemployed, there were also many unfilled vacancies. The primary problem was one of retraining, for the unemployed were largely clerical and administrative personnel, whereas the vacancies were mostly for skilled and semiskilled workers and laborers.

Because of the labor shortage, one of the first acts of the new Austrian Government formed in December 1945 was to establish a national priority system to guide local labor offices in their placements of personnel in existing vacancies. In the previous month the labor offices in the U.S. occupied areas had completed the compulsory registration of all males between 14 and 65 and all females between 14 and 50 years old. The labor requirements of the occupying military forces had absolute priority over all other requests; next, the labor offices gave first priority to safeguarding and handling food supplies, sanitary and medical supplies and activities, housing, and power supply. Second priority went to activities that supported those in the first category, as for example, the production of building materials and the repair and maintenance of plants, machinery, and equipment needed to restore industrial and agricultural production. All activities not specifically listed in the first two priorities were assigned priority three.¹⁸

¹⁸(1) Rept of U.S. Com, Nov 45, pp. 138 - 44; Dec 45, pp. 88 - 91; and Feb 46, p. 168. (2) USFA, Civil Affairs, pp. 30, 72, 75. Both cited above.

The first complete figures indicated that as of 1 March 1946 USFA employed 3,205 displaced persons, 14,531 Austrians, and but 1 Allied/Neutral, for a total of 17,737 civilian employees serving a military force of 32,703.¹⁹

Thereafter the general trend in employment was downward, mainly because of curtailments in occupation-cost funding and a self-imposed hiring restriction related to the overall labor shortage.

(4) Funding. In March 1946 the four occupying powers examined the amount of occupation-cost funds that the Austrian budget could support. The initial investigation revealed that contributions in January and February had amounted to 230 percent of the Austrian civil expenditures for the same period -- approximately double the tribute that Nazi Germany had extracted from the Belgian, French, and Dutch economies in the period 1941 - 43. Accordingly, in light of their avowed intent to revive the Austrian economy as soon as possible, the three Western Allied wanted to reduce the occupation costs to 35 percent of the total budget.

It was not until May, however, that the Allied Council agreed to an occupation budget of 400 million Schilling for the 4 1/2 months starting on 12 February, which was 80 million Schilling less than the contribution for the single month preceding 12 February. The 400 million Schilling represented 35 percent of the Austrian civil budget, and the Allied High Commissioners agreed upon a further reduction to 30 percent of the civil budget for the third quarter of 1946. For the fourth quarter the amount was reduced to 25 percent, and for the first six months of 1947 to 15 percent of the Austrian civil budget.²⁰

(5) Numerical Trends. As early as January 1946 the number of job vacancies exceeded the number of unemployed in the U.S. Zone of Austria and U.S. Sector of Vienna, and the occupying powers approved the Austrian proposal to introduce a compulsory labor law in the new parliament. Moreover, although

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The Occupation Forces in Europe Series, First Year, Manpower: Its Procurement and Use (hereafter cited as Manpower, 1st Yr), charts between pp. 148 and 149; p. 260.

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(1) Rept of U.S. Com, Mar 46, pp. 14 - 15; May 46, pp. 12 - 13; and Jul 46, pp. 6 - 7. (2) USFA, Civil Affairs, p. 65. All cited above.

the occupation forces had recruitment priority over all other activities, by January a lack of qualified personnel was preventing Austrian labor offices from filling U.S. requirements for civilian workers. For this reason, USFA opened a 10-week training school for clerical personnel in Vienna in February 1946.

In March USFA froze strength authorizations at the then current actual strength level. Thereafter local nationals might be recruited only as replacements for terminating employees or for redeploying military personnel, or upon special approval.

After the adoption in April 1946 of the Austrian labor law that drafted individuals to meet specific high-priority needs, the U.S. forces continued to exercise restraint in obtaining civilian manpower. Except in cases of overriding military necessity, the U.S. forces relied entirely on voluntary recruitment and did not request compulsory assignment of personnel by the Austrian labor offices.²¹

Presumably as a result of these policies, from 1 March to 1 July 1946 the number of local nationals employed in Austria dropped from 17,737 to 17,351. The development in the ratio of Austrians to displaced persons was precisely the opposite of the trend in Germany, for the number of Austrians on the rolls dropped by almost 800, while the employment of displaced persons increased by slightly over 400. Two factors undoubtedly contributed to this trend -- the labor shortage caused the decline in Austrian employees, and the extension of the compulsory labor laws to displaced persons accounted for the increase in that category.²²

Meanwhile, in June 1946 the Allied Council had returned to the Austrian Government the right to control wages and prices, and in the ensuing months the Austrians proceeded to lift the freeze that had been in effect since May 1945. The Allied Council retained the right to reject any Austrian proposed increases -- and in a few limited cases did so -- but it accepted all wage increase proposals that applied to employees of the U.S. forces. By 31 December 1946 virtually all categories of employees working for the U.S. forces had received wage or salary increases, ranging in some cases up to 25 percent. In addition, in November USFA reaffirmed the right of its

²¹ Rept of U.S. Com, cited above, Jan, pp. 91, 93 - 95, 167; Feb, pp. 106 - 09, 173 - 74; Mar, p. 211; Apr, p. 134; and Jun, p. 194. All 1946.

²² Manpower, 1st Yr, cited above, charts between pp. 148 and 149.

employees to belong to unions, stating specifically that they were entitled to form and belong to both unions and works councils in their places of employment. In December USFA granted a Christmas bonus equal to a week's earning and adopted revised vacation policies extending the authorized leave time for all categories of employees.²³

In February 1947 USFA granted retroactive pay raises to four categories of civilian employees, and on 3 March adopted a general wage policy that would simplify such questions in the future. Thereafter, any wage increases granted by the Austrian Central Wage Commission would also apply to USFA employees from the effective date of the change.

On 30 June 1947 USFA adopted Austrian termination policies, whereby blue-collar employees were entitled to 2 weeks' notice or pay in lieu thereof. White-collar employees might be given notice only as of the end of a calendar quarter; those with less than 2 years' seniority were entitled to 6 weeks' notification, and those with more got 2 months' notice or pay.

When the United States renounced its right to occupation-cost funds after 1 July 1947, the pay of LN employees became a direct dollar cost.²⁴ By the end of 1948 approximately 8,000 LN employees paid from appropriated funds and 5,000 from nonappropriated funds. With minor fluctuations, these figures remained steady during the following months.²⁵

19. The U.S. Forces' Return to Italy

a. Logistic Support of USFA. Negotiations for a final peace treaty that would end the occupation of Austria had begun in 1947. When there was no progress because of Soviet obstruction, the United States decided in 1950 that, since

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Rept of U.S. Com, cited above, Jul, p. 208; Aug, p. 208; Sep, pp. 208 - 09; Oct, pp. 222 - 23; Nov, pp. 50 - 51, 206 - 07; and Dec, pp. 49 - 50, 205 - 07. All 1946.

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Rept of U.S. Com, cited above, Feb, pp. 211 - 12; Mar, pp. 55 - 56; and Jun, pp. 1 - 2, 59 - 60. All 1947.

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EUCOM Anl Narrative Rept, 1949, pp. 150 - 51, 310.

its occupation forces would remain in Austria much longer than originally anticipated, it would be necessary to establish more effective lines of communications to that country. After protracted negotiations, the United States and Italy signed an agreement in June 1951 that provided for a logistic command headquartered at the west-coast port of Leghorn, with a line of communications running from there northeast into Austria. A small party of officers and U.S. civilians from USFA arrived in Leghorn on 2 July to establish a headquarters, depot, and staging area.

A number of considerations had contributed to the selection of Leghorn, and one of these was the fact that the city had some 14,000 unemployed at the time. Thus, the new command would have no difficulty recruiting LN personnel and would at the same time contribute to the Italian economy by reducing unemployment.

The new logistic command immediately proceeded to recruit Italian civilians under the terms of the North Atlantic Treaty, which the Italian Government had signed in April 1949, and which provided that "Local civilian labor requirements of a force or civilian component shall be satisfied in the same ways as the comparable requirements of the receiving state and with the assistance of the authorities of the receiving state through the employment exchanges. The conditions of employment and work, in particular wages, supplementary payments, and conditions for protection of workers, shall be those laid down by the legislation of the receiving state." The U.S. labor requirements were thus met through Italian labor offices, and the employees were subject to the same working conditions and received the same pay as their counterparts employed by Italian agencies.

At the end of the first year, in June 1952, the logistic command directly employed 2,113 LN civilians in the Leghorn area. In addition, contracting agencies in such activities as construction and stevedoring indirectly employed 1,473 local nationals; domestic help was also in the latter category. Since no qualified data-processing machine operators were available in the Leghorn area, the logistic command hired 140 Italians and used a cadre of 27 temporarily assigned U.S. personnel to train them.²⁶

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C. J. Bernardo and R. L. Bennett, History of the 4th Logistical Command, 1950 - 1963, Hq USACOMZEUR, 1965, pp. 12 - 14, 19, 21 - 24.

b. USASETAF. Some of the troops that the United States withdrew from Austria in the autumn of 1955 were admirably suited to the needs of U.S. Army Southern European Task Force (USASETAF), the new command activated at Verona on 25 October 1955. At the time, and until 1 January 1958, USASETAF was directly responsible to USEUCOM and the Department of the Army, respectively. The employment of local nationals at Leghorn continued to be governed by the line of communications agreement of 1951 despite the reorganization and change in command designation. A status of forces agreement covering the U.S. forces and the local nationals supporting them at Verona and Vicenza went into effect on 21 January 1956.²⁷

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Hickman, op. cit., pp. 32 - 33.

CHAPTER 6

YEARS OF AUSTERITY (1955 - 1966)

20. Economic Factors and Personnel Reductions

The period beginning in mid-1955 saw a steady decline in the number of local national (LN) civilians employed by the U.S. Army in European countries. The two primary causes of this trend were matters beyond USAREUR's power to influence: U.S. budgetary limitations; and the steadily improving status of the European civilian economy, which made recruiting for service with the U.S. forces more and more difficult. At the same time, regular wage increases, coupled with changes in working conditions and fringe benefits, steadily increased the cost of LN labor.

Intermittent personnel reductions characterized the period from 1955 to 1966 (Charts 4 and 5): Labor service (LS) strength dropped by approximately two-thirds; there was a reduction of 38 percent in the number of local nationals employed in Germany and a cut of more than 35 percent in France; and in Italy, for the shorter period June 1958 - December 1966, the reduction was 20 percent.

a. 1955 - 1960. As mentioned above, the problem of funding after the end of the occupation in Germany had loomed large in USAREUR's planning well before the actual date of sovereignty. The U.S. share of the FY 1956 Defense Support funds contributed by the Federal Republic of Germany (F.R.G.) in lieu of occupation costs represented a drastic reduction of over 2 billion Deutsche Mark (DM) -- close to \$500 million! The primary uses of these funds were the payment of wages, procurement of non-standard supplies and equipment, and the payment of utilities. The FY 1956 reductions of almost 24,000 German LN and over 3,000 LS personnel were direct results of

the DM fund cut. In France the buildup of the line of communications was still in progress, so that the number of local nationals increased slightly.¹

The same situation prevailed in the following years. Continuing funding problems in Germany during FY 1957 led to a substitution of civilian contract guards for LS personnel, bringing about an overall reduction because the decrease in labor service was offset only by about half in the hiring of local nationals. The small increase in local nationals employed in France was brought about by the transfer of functions from Germany and did not offset the general decline.² The German contribution of Defense Support Costs for FY 1958 was but half that of the previous year and was exhausted by the end of September 1957. Except for West Berlin -- which remained occupied and thus continued to refund the occupation costs to the Allies -- the U.S. forces in Germany received no further fund contributions from the Federal Republic. Compounding USAREUR's difficulties, the Department of the Army imposed both budgetary and civilian strength limitations in July 1957. During the last half of 1957 a program of involuntary separations led to the release of approximately 6,000 German and 900 French LN and 800 LS employees.

The launching of the first Soviet space satellite in the fall of 1957 underlined the necessity for military preparedness, and the U.S. Congress appropriated additional funds for defense. The resultant availability of funds early in 1958 permitted a resumption in the hiring of LN civilians, but USAREUR was nevertheless unable to overcome the losses of 1957. The problem was particularly acute in Germany, for the improvement in the civilian economy made it difficult to obtain skilled workers, and the apparent lack of job security demonstrated by the forced reductions of 1957 made Germans less interested in seeking employment with the U.S. forces.³

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(1) USAREUR Anl Hist Rept, FY 1956, pp. 30, 56 - 58, 74. (2) D. J. Hickman, The United States Army in Europe, 1953 - 1963, USAREUR Ops Div, 1964, pp. 151 - 54.

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USAREUR Anl Hist Rept, FY 1957, pp. 25 - 26, 52, 60.

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USAREUR Anl Hist Rept, FY 1958, pp. 24 - 27, 29, 47 - 48, 68 - 69, 71 - 72, 75, 77 - 78.

From that time onward the same two factors -- a healthy domestic economy and the questionable stability of employment with the U.S. forces -- continued to affect recruiting of local nationals adversely in both France and Germany; Italy, with a less rapidly expanding economy, did not present the same difficulties, however.

In 1958 and 1959 there were further decreases in civilian employees of all categories. The forced personnel reductions in France and Germany became the subject of newspaper articles, and personnel officers warned that such circumstances made difficult the recruitment of skilled personnel and even the retention of highly qualified persons currently employed, since the latter were beginning to question the wisdom of working for the U.S. forces. Moreover, the reductions created a public relations problem in the communities in which large-scale releases took place.

Only in Italy was the problem not significant. There a combination of factors would appear to have contributed to the relatively good relationship between USASETAF and its employees: Less than 200 employees were affected, and the local command developed programs to transfer surplus employees to existing vacancies or to assist them in placement in the civilian economy.

The same situation prevailed virtually unchanged throughout 1959, except for a small increase in local nationals in France caused by the continuing transfer of activities to that country.⁴

By September 1960 recruitment problems had become even more acute in Germany, since there were five times as many vacancies as persons unemployed. As a result, in that year USAREUR was able to fill less than 70 percent of its LN vacancies in the Federal Republic. In France a rising industrial production also created a tighter labor market than had been the case in previous years, but USAREUR was nevertheless able to fill 78 percent of its LN vacancies. In Italy there was no labor shortage, U.S. recruiting encountered difficulties only in certain highly qualified professional categories, and turnover caused by resignations was low.

The labor shortage in France and Germany also affected labor service recruiting in 1960, so that the organization as a whole was 8 percent below its authorized strength at the end of the year.

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- (1) USAREUR Anl Hist, FY 1959, pp. 93, 96 - 99, 151.
- (2) USAREUR Anl Hist, 1 Jul - 31 Dec 59, pp. 62, 68 - 69, 71 - 72.

The one area in which USAREUR was able to offset the shortage of LN labor was in the nonappropriated-fund (NAF) activities. There it resorted to hiring U.S. dependent personnel, and beginning in 1960 the number of U.S. NAF employees rose sharply. Thus, the overall loss of 430 LN employees during 1960 was more than offset by a gain of over 800 U.S. NAF employees.⁵

b. Employment of Foreign Workers in Germany. Beginning in the late 1950's, German industry partially solved the problems arising from the increasing labor shortage by hiring foreigners, primarily from Italy. However, German law required potential employers to guarantee housing accommodations for such foreigners, which restricted the U.S. forces in employing imported labor. Nevertheless, beginning in 1961 F.R.G. agencies recruited foreign workers for employment with USAREUR, which hired them under a 1-year contract that guaranteed them housing and return transportation to the borders of their countries of origin. USAREUR housed the personnel in rehabilitated U.S. Army facilities that complied with the provisions of German law governing dormitory-type accommodations for workers, and deducted minimal charges from payrolls. The number of personnel ranged from 87 in 1961 to a high of 362 in 1962 and then dropped to 117 in 1966.⁶

c. The Outflow of Gold. In November 1960 the U.S. Government took the first remedial action to counteract the unfavorable balance of payments, but these measures did not affect LN employment practices and the newly elected President John F. Kennedy rescinded them on 1 February 1961 shortly after he assumed office.

However, the Department of Defense soon promulgated a number of measures to reduce gold-flow expenditures by the Armed Forces, and among these was a policy to encourage maximum employment of U.S. personnel instead of local nationals in NAF activities. Thus, the practice that USAREUR had adopted

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USAREUR Anl Hist, 1960, pp. 132, 137, 141 - 45.

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- (1) Intvw, Mr. B. H. Siemon, USAREUR ODCSOPS Mil Hist Br, with Mr. W. M. Frailey, ODCSPER Civ Pers Div, 1 Dec 67.
- (2) DF, USAREUR ODCSPER to ODCSOPS, 4 Dec 67, subj: Review of Draft Monograph "The Employment of Local Nationals by the US Army in Europe (1945 - 1966)." AEAGA-C-CL.

the year before to combat the shortage of labor became a departmental program to reduce the unfavorable balance of payments.

In implementing the policy USAREUR did not discharge any LN employees, but used U.S. personnel -- either dependents or off-duty military personnel -- to fill as many vacancies as possible. Because of the relatively high turnover in NAF local nationals this program was a decided success. The number of U.S. NAF employees rose from 2,400 in March 1961 to a peak of 3,627 on 30 September and stood at 3,255 at the end of the year. Nonappropriated-fund LN employees declined in the same period by almost 4,500, thus causing a double saving -- an absolute saving because the overall total of employees dropped, and a gold-flow saving because U.S. personnel replaced local nationals.

Strength changes among appropriated-fund employees during 1961 were minor and relatively insignificant. The recruiting problems of the previous years became even more acute, particularly in Germany. In the second calendar quarter recruiting hit a low of 65.2 percent success in filling vacancies, and for the first time the U.S. forces in Italy began to experience high turnover in their professional and skilled employees, although recruiting still did not present a serious problem.⁷

In 1962 and 1963 the situation remained approximately the same. Because of the ever-increasing shortage of labor, during 1962 USAREUR was able to recruit only 60.4 percent of the local nationals needed in Germany. In France the problem was less severe, but even so the U.S. forces had to resort to such expedients as hiring two part-time employees to fill what would normally have been a single position. In both France and Germany USAREUR had particular problems in recruiting and retaining skilled workers, and the input of younger employees was limited, so that the overall trend during the two years was to an aging work force. In Italy the recruiting and retention problems remained insignificant.

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- (1) USAREUR Anl Hist, 1961, pp. 68, 81 - 82, 181, 188 - 93.
(2) Funding problems were further complicated by a German currency revaluation in March 1961 that increased the dollar cost of DM expenditures by 5 percent. (Ibid., pp. 206 - 08.)

In 1962 there was a further reduction of German NAF employees and a partial replacement of these by U.S. personnel, and means of reducing also the number of appropriated-fund local nationals were under consideration. There was no formal decision in 1962, but economy measures and reorganizations accomplished in 1963 in the interest of reducing gold flow led to significant cuts in both NAF and appropriated-fund LN employees -- more than 5,400 in Germany, over 2,800 in France, and 27 in Italy. Although USAREUR continued to encourage the employment of dependents instead of local nationals, slight U.S. personnel reductions became necessary as part of the overall economy drive.⁸

The most significant reductions since the cutbacks occasioned by the termination of Defense Support funds came in 1964, when the Department of the Army imposed a 15-percent cut in non-U.S. civilian employees. Employees in Berlin were not affected because they were still paid from the Deutsche Mark occupation budget, and NAF activities were also excluded. The decreases implemented in 1964 totaled approximately 17,900 -- 7,800 local nationals in Germany and 5,300 in France and Italy, and 4,800 labor service personnel.

In 1965 the Department of Defense announced its new worldwide program of substituting civilians for military personnel whenever possible. The implementation of the program in Europe resulted in the creation of a number of new positions for LN civilians. However, the effect was not felt in 1965, and the number of appropriated-fund LN personnel actually decreased slightly. The increase in the 1965 total for LN employees (Chart 5) resulted from the merger of exchange activities in Europe, by which over 6,000 NAF local nationals employed by the U.S. Air Force were incorporated into the USAREUR labor force.

When implemented in early 1966, the civilianization program added 2,546 personnel spaces to USAREUR's authorized strength -- 1,843 of them for local nationals -- thus reversing

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(1) USAREUR Anl Hist Sums, 1962, pp. 51, 178 - 80; and 1963, pp. 160 - 61, 170, 172 = 73. (2) The Impact of the Balance of Payments Crisis on the Posture of the U.S. Ground Forces in Europe (1958 - 1964), USAREUR Ops Div, 1965, p. 55.

temporarily the steady downward trend in LN employment.⁹

21. Conditions of Employment, Wages, and Benefits

a. General. Employment practices varied considerably from country to country in Europe, and on a worldwide basis the three U.S. military services employed LN civilians on virtually every continent in a variety of situations and circumstances that differed sharply from those in the United States and from one another.

In an apparent effort to standardize policy -- if not the actual details of employment practice -- in June 1956 the Department of Defense issued instructions on the use of LN employees. As much as possible, the U.S. forces throughout the world were to follow local law and custom in their employment of local nationals and pay wages that conformed to the rates current for comparable work in the local area -- principles they had followed consistently in Europe since World War II. While pay rates should be sufficient to enable the U.S. forces to compete in the labor market, they should not be so high as to establish employees of the forces as a privileged group.

Two systems of employment were possible -- direct hire and indirect hire. In the former, the U.S. forces would employ the personnel directly and perform all administrative functions in connection with that employment, to include the processing of payrolls. In indirect hire, the host government would actually be the employer and would administer and pay -- subject to reimbursement -- the local nationals working for the U.S. forces. In Europe, the U.S. Army employed both methods, using the indirect hire system in France and Germany and the direct hire system in Italy.

The Department of Defense further directed that all U.S. forces elements apply uniformly the employment system and practices developed in any given area. USEUCOM had implemented a similar policy in 1953, when it had appointed component commanders as civilian personnel coordinators in appropriate European countries -- CINCUSAREUR in Germany, CINCUSAFE in France, and later, CINCUSNAVEUR in Italy. Each coordinator, in turn, had established a civilian personnel coordinating

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USAREUR Anl Hist Sums, 1964, pp. 8 - 9, 236; 1965, pp. 123, 125 - 27; and 1966, pp. 93 - 96, 110 - 14.

committee with representatives of all three services. The committees had developed unified U.S. forces procedures and policy positions for dealing with host government agencies.¹⁰

b. Germany.

(1) Agreements. Article 44 of the 1954 Forces Convention assigned to the F.R.G. Ministry of Finance responsibility for determining wages and working conditions, performing administrative functions, and paying LN employees of the forces under an indirect hire system. In Berlin the Allied Kommandatura had delegated similar authority to the Senator of Finance.

As early as March 1946 the U.S. Army had authorized LN employees in Germany to form and belong to trade unions, and the 1954 Forces Convention had confirmed this right. However, because of the indirect hire system, USAREUR did not negotiate directly with the unions, but used the Ministry of Finance or Senator of Finance as official points of contact.

The January 1955 tariff agreement was barely six months old when on 1 July a number of unions representing LN employees sought a wage increase, but it was not until February 1956 that the unions actually made a formal proposal. At about the same time, USAFE proposed reducing the workweek for German employees from 48 to 40 hours, primarily because U.S. personnel worked a 40-hour week and the supervision of German employees thus presented a problem. Formal negotiations among representatives of German governmental agencies, the unions, and the Allied forces led to agreement on a wage increase in April, but the workweek remained 48 hours.¹¹

Another noteworthy development came in 1963 with the implementation of the Supplementary Agreement to the NATO Status of Forces Agreement, which had been concluded in August

¹⁰(1) DOD Instruction 1400.10, 8 Jun 56, subj: Utilization by United States Forces of Local Nationals in Foreign Areas. (2) Intvws, Mr. Siemon with Mr. H. R. Streiss, USAREUR ODCSPER Civ Pers Div Compen and Labor Rel Br, 2, 3, and 6 Nov 67.

¹¹(1) The Convention on the Rights and Obligations of Foreign Forces and Their Members in the Federal Republic of Germany, Article 44, 23 Oct 54. (2) USAREUR Anl Hist Rept, FY 1956, pp. 75 - 77.

1959. The 1954 Forces Convention had reconfirmed the right of LN employees to belong to unions, but it had specifically exempted the U.S. forces from German civil laws governing the activities of works councils in industry. USAREUR had nevertheless authorized works councils in its installations, but had limited the scope of their activities to making suggestions and presenting grievances and complaints on such matters as sanitary conditions, working methods and conditions, safety, internal discipline, and the like.¹²

As implemented, the Supplementary Agreement authorized works councils in USAREUR installations under the provisions of German law that applied to Bundeswehr (German Armed Forces) employees. This development broadened the functions and scope of the councils and established them in terms of German law. The works councils could propose actions that would serve the interests of the employing agency or the work force, and would guarantee observation of employment rules and regulations and fair employment practices. They could present grievances and work for their redress, and could help individual employees in their relations with management.

Perhaps more significant, works councils were entitled to receive the data needed to perform their functions and to deliberate with management officials on any proposed steps that would affect employees and their work. If such discussion should fail to produce agreement at the installation level, the works council had the right to appeal to the area commander.¹³

Most important of all, the works councils could conclude with management a so-called shop agreement governing practices within the facility they represented. Unless otherwise specified by law or tariff agreements, the agreement covered the beginning and end of daily working hours and breaks, the time and place of payment, annual leave schedules, vocational training of employees, welfare facilities, and determination

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Ltr, CINCUSAREUR to distr, 6 May 55, subj: Works Council Policy for German Employees, w incl. AG 230.033 GPA.

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The two area commands existing in Germany at that time merged in 1964 into the U.S. Army Area Command, which in turn was consolidated with USACOMZEUR in 1967.

and pay of piece-work rates. The works councils could not, however, negotiate salaries and wages or any other aspects of employment conditions contained in tariff agreements.¹⁴

The works council elections held in 1964 resulted in the formation of 295 councils at the installation level, representing approximately 85 percent of the LN work force.

The adoption of the works council provisions of German law -- as revised by the Supplemental Agreement -- brought LN employees under the coverage of most provisions of German labor legislation. There were two notable exceptions: USAREUR authorized works councils at only two levels, instead of three, and the works councils had the right of cooperation, but not of codetermination.¹⁵

(2) Pay Scales. In the spring of 1956 USAREUR began paying the revised salaries agreed upon in April, and in July extended the wage increases to employees in Berlin, who were not covered by the tariffs negotiated in the Federal Republic proper.

In the fall of 1956 German unions asked for another pay raise, and USAREUR countered with a proposal to reduce the workweek from 48 to 45 hours without pay reductions. The trilateral negotiations among the German Ministry of Finance, trade unions, and the Allied forces that began in the spring of 1957 accepted this position, and effective 1 August approximately 67 percent of USAREUR's local nationals in specified job categories switched to a 45-hour, 5-day workweek without pay cuts.

In November USAREUR also granted wage increases to retail sales employees who had not benefited from either the 1956 wage increase or the workweek reduction.

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USAREUR Reg 690-61, 10 Dec 64, with Anx A, Extract from the Supplementary Agreement, Article 56, and Anx B, German Personnel Representation Law of August 5, 1955, as Modified for Application by the Sending States Forces.

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(1) USAREUR Anl Hist Sum, 1964, pp. 163 - 64. (2) DF, USAREUR ODCSPER to ODCSOPS, 4 Dec 67, cited above. AEAGA-C-CL.

Another round of negotiations for wage increases began in March 1958, and USAREUR at the same time considered granting additional fringe benefits -- either additional old age insurance or more generous leave benefits; a poll of employees showed an overwhelming preference for leave benefits.¹⁶ After protracted negotiations, wages of retail sales personnel were raised effective 1 January 1959, and on the same date a group insurance plan went into effect for LN employees in Germany. USAREUR and its employees would have preferred a vacation bonus plan, but the German Ministry of Finance urged the insurance program instead, and it was accepted. The plan called for USAREUR to pay the entire premium of 2.5 percent of the employees' pay for group life and endowment policies.

USAREUR also extended the workweek reduction that had been granted in August 1957 to several other categories of employees, and approximately 1,200 local nationals had their time reduced to 44 hours per week without reduction in pay.¹⁷

During the second half of 1959 certain categories of employees received additional wage increases and adjustments of working hours, and general increases in both 1960 and 1961 affected most of USAREUR's LN work force in Germany, including those employed in Berlin.

Further wage increases were granted in 1962 for certain categories in the Federal Republic and for all personnel in Berlin, and in 1963 for all appropriated- and nonappropriated-fund employees, coupled with a further reduction in the workweek to 43 hours for the majority of employees. In 1964 13 new wage tariffs provided for increases to 94 percent of USAREUR's LN employees, in 1965 all categories of personnel received pay raises, and in 1966 USAREUR granted increases that ranged from 4 to 19.5 percent.

At no time was there any serious difficulty in labor-management relations, and there were no strikes or threats of strike.¹⁸

At the end of 1966 USAREUR concluded the so-called Collective Tariff Agreement II, which superseded all previous agreements and went into effect on 1 January 1967. The new agreement provided for longer probationary periods for certain categories

¹⁶(1) USAREUR Anl Hist Repts, FY 1957, pp. 53, 56 - 57; and FY 1958, pp. 72 - 75. (2) Workweek reductions applied in both the Federal Republic and Berlin.

¹⁷USAREUR Anl Hist Rept, FY 1959, pp. 96 - 97.

¹⁸(1) USAREUR Anl Hists, 1 Jul - 31 Dec 59, p. 71; 1960, pp. 141 - 43; and 1961, pp. 190 - 93. (2) USAREUR Anl Hist Sums, 1962, pp. 178 - 82; 1963, pp. 172 - 75; 1964, pp. 163 - 66; 1965, pp. 140 - 42; and 1966, p. 122.

of personnel; credit for employment by forces of other Sending States or the Federal Republic in computing seniority rights; higher premium pay for overtime, shift work, and work performed on Sundays, German holidays, and at night; extra leave for employees required to take their entire annual leave during the winter months; payment of employees by direct transfer to a bank account; introduction of improved job and pay protection systems; and mandatory retirement at age 65. The new tariff also formalized certain fringe benefits that USAREUR formerly had granted voluntarily, including higher Christmas bonuses, group life insurance, and vacation bonuses and severance pay that replaced the previous longevity bonus.

As an example of the impact of wage increases, in 1955 Salary Schedule C for administrative, clerical, and technical employees provided for monthly salaries ranging from DM 288 (roughly \$69 at the then-current exchange rate of DM 4.20 to the dollar) in the first step of group 1, to a maximum of DM 1,258 (approximately \$300) in the top step of group 10. These salaries were based on a 6-day, 48-hour workweek. The comparable schedule that became effective 1 January 1967 provided for a 43-hour workweek and salaries ranging from DM 468 (\$117 at the rate of DM 4.00 to the dollar) in the first step of group 1 to a maximum of DM 2,210 (\$552.50) in the top step of group 10. Similar increases also took place in other employment categories.¹⁹

c. France. The situation in France was similar to that in Germany. French local nationals were actually employees of the French Government; local intendants, who administered them, and the French Liaison Mission, which was the only official contact with the U.S. forces in France, generally proposed wage increases or changes in working conditions that they considered necessary or desirable. Thus, USAREUR dealt only with French governmental agencies, which in turn negotiated with the employees' organizations or unions.

Based on a proposal of the French Ministry of Labor, in 1956 the French Liaison Mission requested a retroactive wage increase, which the U.S. forces rejected because they questioned the amount of increase and objected to the principle

¹⁹(1) USAREUR Manual 600-480, Collective Tariff Agreement of 28 January 1955. (2) USAREUR Pam 690-60, Collective Tariff Agreement of 16 December 1966 (CTA II).

of retroaction. A compromise was reached in March with the decision to grant the requested 8-percent increase effective 1 July. Later in the year, again at the suggestion of the French Liaison Mission, USAREUR and USAFE agreed to begin on 1 January 1957 paying a higher contribution toward the retirement pay of supervisory employees. There was no legal requirement for such contributions in French labor law, but it was the custom in civilian employment and the U.S. forces adopted it as a means of retaining the services of experienced supervisors.

In the fall of 1957 the Liaison Mission again suggested a pay raise. USAREUR surveyed French industrial pay scales and proposed 5 instead of the requested 13 percent. Negotiations led to agreement on 15 January: Retroactive to 1 January the employees would receive an across-the-board increase of 8 percent. The negotiators agreed to undertake a joint survey of French industrial pay scales and to complete it by July, at which time the U.S. forces would grant any additional increases the survey might indicate as necessary. The survey found that increases were, in fact, appropriate, and effective 1 August USAREUR granted raises of up to 3 percent for salaried employees and up to 5 percent for hourly-paid workers.²⁰

After more than a year of negotiation a new personnel statute for LN employees in France went into effect on 1 January 1960. The statute did not actually increase wages, but its provisions nevertheless gave employees tangible benefits. It established a separation indemnity calling for the payment of one week's wages for each year of service to employees released -- except for serious cause -- after five or more years of service; created an end-of-year bonus for exceptional service payable to hourly-paid workers; increased allowances paid for travel performed in privately owned vehicles; and raised pay rates for unusually dirty or hazardous types of work.

A second joint American-French survey of local industrial pay scales subsequently led to pay raises granted effective 1 July 1960. Depending on the location, these ranged from 2.5 to 9.6 percent for salaried employees and from 2.5 to 12 percent for hourly-paid workers. Approximately 9,000 of USAREUR's LN employees received no increases at all, for the

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(1) USAREUR Anl Hist Repts, FY 1956, pp. 77 - 78; FY 1957, p. 58; and FY 1958, pp. 75 - 76. (2) USAREUR Anl Hist, FY 1959, p. 97; and 1 Jul - 31 Dec 59, p. 71.

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survey had revealed that in some areas U.S. pay scales were at least as high as those in private industry. Trade union representatives protested this decision, and effective 1 November USAREUR granted a 2-percent raise to some categories of employees who had not benefited from the July increase. These steps apparently had the desired effect, for as of the end of the year recruitment rates in France had improved in most areas, including those in which USAREUR had been having particular difficulty in filling vacancies.

In the next five years there were annual wage and salary increases. After protracted negotiations the U.S. forces granted an across-the-board raise of 3.7 percent effective 1 July 1961. This was followed in 1962 by two increases: A 3-percent raise for all employees effective 1 March and, in response to a union request for 5 percent, a general increase of 4 percent, plus higher rates in specified areas and job categories, all effective 1 July. On 1 July 1963 salaried employees received another 5-percent increase, and hourly-paid workers received 4 percent, plus a revised seniority system that had the effect of raising hourly wages an average of 2.7 percent more. One year later the U.S. forces granted pay raises of from 6 to 10 percent for hourly-paid workers and from 3 to 5 percent for salaried employees, and in 1965 a 4-percent increase to approximately 300 hourly-paid workers.²¹

This same 5-year period saw an increase in labor union activity among French employees and a number of work stoppages. In the first half of 1960 the Syndicat National Force Ouvrière du Personnel des Bases et Installations Alliées en France had become more active and had succeeded in recruiting sufficient members to win from the French Government the right for union leaders to use on-duty time for union business. The syndicat, a member of the large Socialist union, represented the interests of Allied forces employees in France. On 2 June 1960 the syndicat called a 1-hour work stoppage at Toul to protest against delays in pay caused by the responsible French agency.²²

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(1) USAREUR Anl Hists, 1960, pp. 142 - 43; and 1961, pp. 190 - 91. (2) USAREUR Anl Hist Sums, 1962, p. 178; 1963, pp. 173 - 74; 1964, p. 163; and 1965, p. 141.

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USACOMZEUR Qtrly Hist Rept, 1 Apr - 30 Jun 60, p. 18.

During the 1961 negotiations between the French Government and the U.S. forces there were a number of work stoppages called by the syndicat. There were 2-hour work stoppages at Poitiers on 17 February and at St. Nazaire and Donges on 20 February, in each of which more than half the LN employees walked off the job. Three-quarters of the employees at Bordeaux and a small number at Toul-Nancy stopped work briefly on 21 February, and on 23 February there was a 1-hour walkout involving 88 percent of the employees at the Captieux Ammunition Depot. The last stoppage came on 24 February, when a picket line at the Bussac General Depot resulted in more than 85 percent of the employees staying away from work.

There was no further difficulty in 1961, but in 1962 the syndicat called for a strike of all U.S. LN employees on 18 May, emphasizing, however, that the strike was not aimed at the U.S. agencies where the personnel worked, but rather at the pay system of their legal employer, the French Government. Press reports cited union satisfaction with the results of the strike, claiming effectiveness ranging from a 35-percent walkout at Verdun to total stoppages at Captieux, Bordeaux, La Pallice, Bassens, and Bussac.

There were no strikes or significant signs of dissatisfaction among French employees from 1963 to 1965; and in 1966 USAREUR granted another across-the-board wage increase of 4 percent, effective 1 July.²³

d. Italy. For the years 1956 and 1957, when USASETAF was not a part of USAREUR, only limited information is available. In 1957 USEUCOM appointed USNAVEUR as the civilian personnel coordinator for all U.S. forces stationed in Italy, and the three services formed the joint U.S. Forces Civilian Personnel Coordinating Committee in July of that year to unify policies on LN employment. The committee, in conjunction with the Italian Ministry of Labor, worked out an agreement that remained the basic instrument governing the employment of local nationals through 1967, even though the pay rates and benefits changed frequently.

As a fundamental precept, the U.S. forces -- as direct employers of LN personnel -- agreed to follow local customs, practices, and usage. The agreement set as upper limits a 48-hour, 6-day week for hourly-paid workers and a 44-hour, 5 1/2-day week for salaried employees. However,

²³(1) USACOMZEUR Anl Hist Repts, 1961, pp. 166 - 67, and 1962, pp. 269 - 70. (2) USAREUR Anl Hist Sum, 1966, p. 123.

the U.S. forces might require firefighters, guards, drivers, and persons employed in hotels, messes, kitchens, clubs, and hospitals to work six 10-hour days per week, because of the unusual nature of their duties.

The provision concerning establishment of pay scales included the statement that "basic salaries and wages . . . will be established and/or revised to conform to the customs and practices prevailing within the commuting area of employment. The prevailing pay customs and practices will be reviewed at least every 12 months." This provision was the basis for two unique features of LN employment in Italy: Wage scales differed according to locations, in contrast to the Federal Republic of Germany and France where basic pay schedules applied to all employees working for the U.S. forces; and pay scales were automatically reviewed annually and adjusted when necessary in accordance with developments in the civilian economy. Undoubtedly this method of pegging the salaries paid by U.S. forces to the local wage rate was a major factor contributing to the relative stability of the work force and USASETAF's strife-free relations with Italian labor unions.

The agreement also provided that LN employees were entitled to social security, bonuses, and allowances in accordance with prevailing Italian law. Specifically, these included health, accident, disability, old-age, survivors', unemployment, and a special tuberculosis insurance; family allowances; and a Christmas bonus equal to one month's pay. The provisions governing separation specified the terms of advance notification, the separation bonuses based on length of service, and the prorated amount of any annual bonuses, leave, allowances, and other benefits to which they were entitled. The separation allowances for hourly-paid workers ranged from 6 to 15 days' pay for each year of service, depending on the number of years of employment; salaried employees received 1 month's pay for each year of service.

Annual leave was also computed on the basis of longevity. For salaried employees it ranged from 15 calendar days per year during the first 5 years to 30 calendar days after 20 years of service; hourly-paid workers received 12 calendar days of leave per year during the first 5 years and a maximum of 20 calendar days of leave after 25 years of employment.

Sick-leave provisions entitled salaried employees with less than 10 years' service to retain their positions for 3 months, with full pay during the first month, and half pay for the remaining two; with over 10 years' service the

period increased to 6 months, with full pay for the first 2 months. Hourly-paid workers, regardless of length of service, were entitled to six months of sick leave at half pay.²⁴

The agreement was signed in July and became effective on 1 September 1957. At the time USASETAF employees -- both salaried and hourly-paid -- worked a 44-hour, 5 1/2-day week. Moreover, although the agreement merely provided separation allowances for persons released involuntarily, the U.S. forces agreed to pay separation bonuses also to resigning employees. Those with less than 3 years' service would receive half, those with 3 to 5 years' service, three-quarters, and those with more than 5 years of employment, the full bonus.²⁵

During the first half of 1958 USASETAF conducted its first survey of local pay scales as required by the agreement. Finding that wages had increased, USASETAF granted its LN employees raises that averaged approximately 4 percent for hourly-paid and 7 percent for salaried personnel effective 1 July; simultaneously, it increased family allowances to keep pace with trends in Italian industry.²⁶

The 1959 survey found that there had not been a significant rise in the Italian economy and that therefore no wage increases were warranted. However, in April USASETAF adjusted the retirement age to Italian conditions by reducing it from 65 to 60 years for men and to 55 years for women.

²⁴"Policies Concerning Recruitment, Administration and Payment of Personnel Hired by the United States Armed Forces in Italy," sgd MG James C. Fry, USA, USCINCEUR Contact, and Cons. Cacciopoli, Ch of Cabinet, Italian Min Of Labor. Cy in files of USAREUR ODCSPER Civ Pers Div Compen and Labor Rel Br (AEAGA-C-CL).

²⁵Minutes, 1st Mtg of U.S. Forces Civ Pers Coord Com in Italy, 11 Jul 57. Cy in AEAGA-C-CL files.

²⁶(1) USAREUR Anl Hist Rept, FY 1958, p. 76. (2) USASETAF Hist Rept, 1 Jan - 30 Jun 58, p. 26. (3) Min, 5th Mtg of U.S. Forces Civ Pers Coord Com in Italy, 9 - 10 Jun 58. In AEAGA-C-CL file.

Early in 1959 USASETAF also established an out-placement program to assist employees released as a result of reductions in force.

The small rise in family allowances that came in May 1961 was granted to keep pace with fringe benefits paid in civilian industry. It was followed, in 1962, by a general wage increase that resulted from the annual survey. Effective 1 June the new schedule provided for a cost-of-living allowance that averaged 3 percent of base pay; the adoption of a plan to pay summer bonuses amounting to half of one month's base pay; and wage increases that averaged 12 percent for salaried employees in the Verona-Vicenza area and 10.5 percent for those in Leghorn. Hourly-paid workers received a uniform 11-percent raise.²⁷

An Italian law enacted in 1961 prohibited the use of contract labor cooperatives for personal services. For more than 10 years, USASETAF and its predecessor organizations had been using the service of the La Portuale labor cooperative, which had been formed to perform tasks associated with supply handling, cleaning, grounds tending, and similar unskilled activities. In light of the new law, USASETAF permitted the contract with La Portuale to expire on 30 June 1962 but offered permanent positions to most of the personnel involved, thus converting them from contract labor to direct employment.²⁸

In the fall of 1962 USASETAF also changed its annual leave computation basis from calendar days to work days. For salaried employees the new schedule that went into effect on 1 January 1963 ranged from 13 work days of leave per year for those with less than 3 years' service to 26 work days for those with more than 15 years' service. Hourly-paid workers started at 12 work days per year, rising to 18 work days with 15 years of service, and 20 work days after 20 years of service.²⁹

²⁷(1) USAREUR Anl Hist, 1 Jul - 31 Dec 59, p. 71.
(2) USASETAF Hist Rept, 1 Jul - 31 Dec 59, pp. 40 - 41.
(3) USAREUR Anl Hist, 1961, pp. 190 - 91; and 1962, pp. 178 - 79. (4) USASETAF Anl Hist Rept, 1962, pp. 14 - 15.

²⁸(1) USASETAF Anl Hist Rept, 1962, p. 13. (2) 22d Mtg of U.S. Forces Civ Pers Coord Com in Italy, 14 Dec 65. In AEAGA-C-CL file.

²⁹15th Mtg of U.S. Forces Civ Pers Coord Com in Italy, 30 - 31 Oct 62. In AEAGA-C-CL file.

Toward the end of 1962 labor relations -- which up to that time had been free of trouble -- became somewhat strained. The two unions representing LN employees were not satisfied with the wage increases granted the previous summer, but there was no overt union activity until early 1963. Then a 24-hour strike of Army and Air Force exchange employees on 31 January revealed a surprising solidarity of the workers. Although less than half of the work force belonged to the two unions, strike participation rates varied from 84 percent at Vicenza to 74 percent in Leghorn and 66 percent in Verona.

The unions cancelled a second 3-day strike scheduled for the end of February, when the U.S. forces representative met with union leaders to discuss differences. The unions wanted an immediate interim pay raise and requested the U.S. forces to implement the results of the pending wage survey earlier than the usual 1 July date. The U.S. forces informed the unions in March that they were unable to grant any interim increase and would adjust pay scales only after completing the survey scheduled to begin in April. The unions accepted this position without further comment.

The wage survey was completed at the end of May; when the results had not been announced by the end of June there was more union agitation and threats of strike, but none materialized. The new wage scales, announced on 10 July 1963, provided raises ranging from 8 to 35 percent for different categories of personnel. USASETAF also adjusted fringe benefits and increased the summer bonus from one-half to a full month's pay. At the same time, a finding by the Italian Government that the consumer price index had risen led USASETAF to increase cost-of-living allowances, bringing about a further 1.1-percent rise in pay.³⁰

The subsequent 1964 wage survey also resulted in major changes in employment conditions that went into effect during the week beginning 5 July. Perhaps the most significant change was the reduction of the workweek from 44 to 40 hours for most categories of personnel. For hourly-paid workers, the reduction was accompanied by a general 10-percent wage increase, so that actual pay remained unchanged.

³⁰ (1) USAREUR Anl Hist Sum, 1963, pp. 172 - 74. (2) USASETAF Hist Repts: 1 Jan - 31 Mar 63, pp. 6 - 10; 1 Apr - 30 Jun 63, pp. 6 - 9; 1 Jul - 30 Sep 63, pp. 5 - 6; CY 1963, pp. 13 - 17. (3) Min, 16th Mtg of U.S. Forces Civ Pers Coord Com in Italy, 27 - 28 Jun 63. In AEAGA-C-CL file.

Three classes of hourly-paid workers at Leghorn received larger increases, raising their pay by 4 to 6 percent, and two categories of salaried employees also received small raises. Cost-of-living allowances rose 1.7 percent.

Fringe benefits paid on the basis of hourly computations were rescheduled so as to avoid any reductions because of the decrease in working hours.

A brief strike for higher pay among exchange employees in June ended when the Italian Government supported the USASETAF position that industrial pay rates did not warrant a raise for U.S. forces' employees. There was no further difficulty with employees or unions during the remainder of the year.³¹

Effective 1 January 1965 USASETAF adopted a new schedule of separation allowances for hourly-paid workers. For the first 5 years of service they would receive 8 days' pay per year, rising to 15 days' pay per year after 19 years of service. A day's pay would include base pay, all allowances, and a prorated amount of bonuses that would normally be due. The only monetary increase in 1965 was a 1.3-percent rise in the cost-of-living allowance to keep pace with the upward trend in the consumer price index.

In 1966 increases in the Verona/Vicenza area amounted to 5 percent for hourly-paid employees and 3 percent for salaried employees, while the respective figures in Leghorn were 4 and 4.5 percent, all effective 1 July. The raise for exchange employees in most grades was 5 percent.³²

e. Continental Wage Schedule (CWS) Employees. From 1 July 1946 until 1956 there was no change in the salary schedules of Allied and neutral civilians employed under the so-called Continental Wage Schedule (CWS). Beginning in January 1948 EUCOM prohibited the recruitment of additional

³¹(1) USAREUR Anl Hist Sum, 1964, pp. 163 - 64. (2) USASETAF Hist Repts: 1 Apr - 30 Jun 64, pp. 4 - 6; 1 Jul - 30 Sep 64, pp. 4 - 7; CY 1964, pp. 3 - 5.

³²(1) USAREUR Anl Hist Sum, 1965, p. 141. (2) USASETAF Anl Hist Rept, 1965, p. 5. (3) Min, 19th and 24th Mtg of U.S. Forces Civ Pers Coord Com in Italy, 9 - 10 Dec 64 and 4 - 5 Aug 66. In AEAGA-C-CL file.

CWS employees except with its approval, and then only if all other sources of personnel had failed to produce a suitable applicant. The 1946 pay scales had run from \$900 to \$5,480 in 15 grades with 5 steps each. These rates did not change, and the quarters allowance remained at \$180 per year; however, the annual subsistence allowance rose from \$273.75 in 1946 to \$511 in August 1948, and then to \$612 in October 1948.

Effective 27 July 1956 USAREUR introduced higher CWS pay scales that ranged from \$1,542 to \$7,952. Single persons and married persons in the first six grades received a housing allowance equal to the actual cost of bachelor officers' quarters (BOQ) accommodations. The allowances of married CWS personnel in the higher grades were keyed to local costs of living and varied from place to place. The workweek was reduced to 40 hours.³³

In 1958 USAREUR reviewed the CWS pay schedules and found that the 1956 rates were still adequate. However, from 1959 to 1962 it adjusted the allowance rates annually without changing the basic salary schedules. The last change increased the "special-costs" allowances for married personnel in Germany to between \$500 and \$1,900, depending on grade and location; the rates prevailing in France and Italy were raised correspondingly.

Continuing the trend of the past, USAREUR hired no CWS personnel unless all recruiting sources for both LN and U.S. personnel had been exhausted. In 1961 this condition was made even more restrictive, when USAREUR directed that CWS personnel might continue their employment only so long as they performed essentially the same duties. A position review had to be made for any vacancy caused by departure of a CWS incumbent or by assignment of new or different duties. Each such vacancy would be considered on its own individual merits, and a new CWS employee might fill the vacancy only if it was not feasible that a local national fill the position; if the position fully

³³(1) USAREUR Anl Hist Repts, FY 1956, p. 78; and FY 1957, p. 54. (2) EUCOM Civ Pers Cir 16, 28 Jun 46, w Annex A. (3) EUCOM Civ Pers Cir 16, 2 Aug 48. (4) EUCOM Civ Pers Memo 51, 24 Sep 48.

met the requirements criteria for occupancy by a U.S. civilian, but was not in a U.S. civil service career program; and if no suitable U.S. citizen applicant was obtainable from the United States.³⁴

In September 1962 USNAVEUR announced new pay schedules for its civilian employees in the London area. Early in 1963 USAREUR proposed increasing the wages of CWS employees -- most of whom were British -- to meet the levels of the civilian pay schedules of the U.S. Navy and Embassy in London, and effective 1 December adjusted CWS wages accordingly.

The new scale provided for 15 grades, as in the past but, instead of 5 steps in grade, called for 10 steps in grades 1 through 10, 9 steps in 11 through 14, and 8 steps in grade 15. Salaries ranged from \$1,542 to \$9,065.³⁵

From 1964 onward, USAREUR annually reviewed the CWS wage schedules in light of the prevailing Navy-Embassy scales for London and made adjustments accordingly. When the Navy scale of June 1964 warranted 3-percent increases for CWS grades 6 through 15 but a reduction in lower grade salaries, USAREUR decided to adopt the new pay scale except for a small number of employees in grades CWS 3 and 4 to whom it granted salary protection.

With these provisions, in November USAREUR implemented a new CWS schedule that included 10 steps in all 15 grades

³⁴USAREUR Civ Pers Dir CWS 1, 26 Jun 59, w Anx and C2, 20 Sep 60; C3, 28 Feb 61; C4, 28 Dec 61; and C5, 1 Mar 62.

³⁵(1) Ltr, CINCUSNAVEUR to CINCUSAREUR, 14 Sep 62, subj: New Schedules of Wages for the London, England Area (Non-U.S. Citizen Employees), w incl. FFI-3/161. (2) Ltr, CINCUSAREUR to distr, 13 Jan 63, subj: Review of Wage Schedule and Special Cost Allowances for CWS Employees. AEAGA-CS. (3) Ltr, US Naval Actvs, U.K., to distr, 25 Jul 63, subj: Wage and Salary Survey of the London Area. NAVACTS: IRO:WMS:pmp. (4) Ltr, CINCUSAREUR to USACOMZEUR et al., 11 Dec 63, subj: Continental Wage Scale, w incl. AEAGA-CS.

and ranged from \$1,148 to \$9,890. The new allowances ranged between \$600 and \$2,700 in Germany and between \$400 and \$2,800 in France depending on grade and location.³⁶

In March 1965 USAREUR adopted a new civilian personnel regulation for CWS employees that replaced the 1959 directive, as changed. The new regulation keyed allowances to Department of State Standard Regulations, Section 920, and thereafter CWS personnel required to live in other than government-furnished quarters received the "without family" allowance authorized for their employment category and location. USAREUR automatically adjusted CWS allowances whenever the State Department rates changed.

In 1965 and 1966 USAREUR also revised the CWS pay schedules, both times effective 1 July. The 1965 schedule provided for salaries ranging from \$1,212 to \$10,523, and those for 1966 ran between \$1,274 and \$11,132.³⁷

f. Labor Service.

(1) Policy Changes. The Bonn Conventions adopted in May 1955 provided that the forces might continue to employ non-German LS units, but would have to disband German units within two years unless a quadripartite agreement among the United States, United Kingdom, France, and the Federal Republic of Germany reestablished them. Discussions among the three Sending States began in December 1955, and a few months later the first quadripartite negotiations took place. Under the terms of the agreement concluded in February 1957 the forces could continue to employ German citizens in organized units. They were to be designated as civilian labor groups (CLG's) and could be employed in services of a noncombatant

³⁶(1) Ltr, CINCUSAREUR to USAACOM et al., 17 Sep 64, subj: Proposed Continental Wage Schedule (CWS), w incl. AEAGA-CS. (2) Ltr, same to USACOMZEUR et al., 2 Nov 64, subj: Continental Wage Schedule (CWS) and Special Costs Allowance, w incl. AEAGA-CS. (3) Ltr, USACOMZEUR to CINCUSAREUR, 17 Dec 64, same subj, w incl. AEZCV.

³⁷(1) USAREUR Reg 690-34, 30 Mar 65, Anx A. (2) Ltrs, CINCUSAREUR to USAACOM et al., 17 Jun 65, subj: Revised Continental Wage Schedule, w incl; and 6 Jul 66, subj: Revised Continental Wage Scale, w incl. (3) Ltr, same to DCSPER DA, 24 Aug 66, subj: Notification of Application of Revised Continental Wage Scale, w incl. All AEAGA-CS.

nature only. The personnel could wear uniforms while on duty, but the uniforms were not to resemble those of either the German or any other armed force stationed in Germany, and they could not bear any military insignia. The personnel were prohibited from holding military ranks, receiving military type training, and participating in parades or other formations.³⁸

The next major policy shift came in 1964, when USAREUR had to implement a 15-percent reduction in non-U.S. civilians paid from appropriated funds. To achieve this goal, USAREUR had to reduce LS strength by approximately 40 percent, and by the end of 1964 actual strength was even lower than the new personnel ceiling.

At the same time, reductions in LN employees had caused a number of installations in Germany to curtail or even eliminate housekeeping, maintenance, and similar support services. As at least a partial solution of this problem, in October 1964 USAREUR established four "composite" civilian labor groups with the surplus LS space authorizations. Stationed at Frankfurt, Kaiserslautern, Mannheim, and Stuttgart, these units provided mobile support-type service to installations in these areas, thereby conserving military manpower. USAREUR rehired released local nationals and recruited new personnel to man the units, and in January 1965 organized a fifth "composite" civilian labor group and stationed it in Heidelberg.

These steps led to an increase in LS strength, although Chart 5 reflects a drop. The seeming reduction was caused by the 1 November 1965 transfer of certain LS units from USAREUR to the U.S. Army Strategic Communications Command, Europe. These units were thus removed from USAREUR's strength reports, although they continued to serve the U.S. Army.³⁹

(2) Wage Scales. The 1952 wage scale and para-military grade structure for LS personnel was in effect until May 1956, when a new interim tariff agreement abolished the military-type designations and organizations for German units. The new agreement established two basic employment categories -- workers and employees, roughly equivalent to blue- and white-collar workers. Personnel in both categories received monthly salaries, and the new tariff listed them according to civilian job titles -- such as dog-handler, senior watchman, etc. -- and pay grades instead of military

³⁸USAREUR Anl Hist Repts, FY 1956, p. 85, and FY 1957, pp. 60 - 61.

³⁹USAREUR Anl Hist Sums, 1964, p. 165, and 1965, pp. 140 - 41.

ranks. For "workers" there were 6 grades and 4 steps in grade, with pay ranging from DM 260 to DM 420 per month. "Employees" were divided into 11 grades with 4 steps in grade, and their salaries ranged from DM 280 to DM 1,100 per month. Both categories continued to receive cost-free billeting and subsistence as in the past. The new pay scales represented increases ranging from 10 to 12 percent.

In France the military grade structure remained in effect as before, but there, as well, wages rose by approximately 10 percent effective 1 May. Nevertheless, USAREUR continued to experience difficulty in recruiting Polish LS personnel to serve in France, where they did not have any social insurance and medical benefits.⁴⁰

The 1957 agreement to convert German units to civilian labor groups included a provision that a completely new special tariff agreement be developed for this category of personnel. The agreement reached between German governmental negotiators and labor union representatives went into effect on 1 July 1958. Essentially it duplicated the provisions of the 1956 agreement, with minor variations. The workweek was reduced from 48 to 45 hours and wage scales were increased by DM 80. However, since personnel had to pay DM 15 monthly for billets and DM 65 monthly for subsistence, net pay remained unchanged, while real wages increased slightly because of the reduction in the workweek.⁴¹

Effective 1 July 1959 USAREUR introduced a new pay schedule for LS personnel in France, calling for five steps in grade, but the starting basic salaries remained unchanged.

There were two wage increases in Germany at the beginning of 1960 and 1961, and the latter also introduced a fifth step in grade for personnel in the "employee" category. These were followed by a pay raise for LS personnel in France, effective 1 July 1961.

⁴⁰(1) USAREUR Anl Hist Rept, FY 1956, pp. 83 - 84, 86.
(2) USAREUR Cir 600-434, 18 Jun 56, w App A and B. (3) 1st Ind, USAREUR LS Agency to CINCUSAREUR, subj: Pay Raise for Labor Service Personnel in France, 13 Sep 66. AEULS (2 Sep 66).

⁴¹(1) Tarifvertrag fuer die Arbeitnehmer der "Zivilen Arbeitsgruppen" im Gebiet der Bundesrepublik Deutschland, 31 Jul 58. (2) USAREUR Anl Hist Repts, FY 1957, p. 61, and FY 1958, p. 79.

USAREUR granted further pay raises to LS personnel in Germany effective in November 1961, 1962, and 1963, and the last was accompanied by a reduction in the workweek from 45 to 43 hours.

In 1964 LS personnel in France received another pay increase effective 1 August, and those in Germany had their pay raised on 1 September. On 1 May 1965 USAREUR granted yet another raise to LS personnel in Germany.⁴²

Throughout the entire period the basic tariff agreement of 1958 remained in effect for LS personnel in Germany, and the increases were merely modifications of it. In 1966, however, the Federal Republic -- assisted by USAREUR -- negotiated with the two unions involved a new general tariff agreement for LS personnel in Germany. The negotiations were broken off without agreement in August, whereupon USAREUR granted an increase retroactive to 1 July without formal agreement. Further negotiating efforts during the year were unfruitful, so that the July increase remained in effect. In France there was no change during the year.⁴³

The net effect of all these adjustments was to bring the basic pay for LS personnel in Germany to a range of DM 522 to DM 798 for "workers" and of DM 532 to DM 1,973 for "employees." Compared with the 1958 rates -- identical with the 1956 rates except for the adjustment for housing and subsistence costs -- these salaries represented increases of 55 to 60 percent for "workers" and of 48 to 68 percent for "employees," depending on grade and step.

In France the paramilitary rank structure and 45-hour week of 1952 remained in effect. The changes over the years in that country had increased the starting base pay of the lowest enlisted rank from \$49.90 to \$68 per month, and for the highest officer rank from \$262 to \$360 per month. In addition to base pay, LS personnel in France continued to

⁴²(1) 1st Ind, USAREUR LS Agency to CINCUSAREUR, 13 Sep 66, w incl, cited above. (2) USAREUR Anl Hist Sums, 1960, p. 143; 1961, pp. 191 - 93; 1962, p. 180; 1963, p. 174; 1964, p. 165; and 1965, p. 141.

⁴³USAREUR Anl Hist Sum, 1966, pp. 122 - 24.

receive billets and subsistence at no cost. The changes from 1956 to 1966 represented increases in basic pay of 39 percent for enlisted ranks and of 38 percent for officer ranks.⁴⁴

g. Emergency Availability of Civilian Personnel.

Throughout these years USAREUR was concerned whether its LN employees would be available for service in time of emergency or conflict, for they played a significant role in many activities. By 1965 the preliminary arrangements had been completed. In Germany, standby legislation had been prepared, but not enacted, which would freeze USAREUR employees in their current positions in times of emergency. In France, the United States had reached an agreement with the Ministry of Defense that would enable USAREUR to retain its key personnel and would accord the U.S. Army the same personnel allocations as local industry in an emergency. Similar steps had been taken in Italy, where USAREUR had identified by name to local government authorities the key personnel it considered essential for wartime operations.⁴⁵

h. Overall Cost Trends. Both wages and benefits rose steadily for all categories of LN employees over the entire period of this study. The average annual costs per employee in appropriated-fund activities -- computed by combining basic pay and all benefits and allowances -- rose from June 1955 to June 1966 as follows: In Germany, from \$1,281 to \$2,792; in Italy, from \$1,396 to \$3,305; and in France, from \$1,584 to \$3,334. Since most of the local nationals were employed in Germany, the USAREUR-wide average merely increased from \$1,343 to \$2,911 over the same period.

For comparison, taking 1958 as the base year, consumer price indexes had risen as of December 1966 by 15.4 percent in France, 22.8 percent in Germany, 27.5 percent in the United Kingdom (the basis for CWS wages), and 34.5 percent in Italy.⁴⁶

⁴⁴1st Ind, USAREUR LS Agency to CINCUSAREUR, 13 Sep 66, w incl, cited above.

⁴⁵Rept, USAREUR Pers Div Civ Pers Br, Jul 65, subj: USAREUR Civilian Personnel Administration, p. 80.

⁴⁶(1) Statistical data extracted from files of ODCSPER Civ Pers Div Eval Sec by Mr. T. Grubb. (2) Bulletin of Labour Statistics, Second Quarter 1967, International Labour Office, Geneva, pp. 77, 79, 82.

CHAPTER 7

CONSEQUENCES OF THE RELOCATION FROM FRANCE

In 1965 President de Gaulle had first declared that by 1969 no foreign troops or military installations would remain on French territory except under French command. After his reelection for another 7-year term in December 1965 the French Government officially announced in March 1966 that it would withdraw all its military forces from NATO command by 1 July; that all NATO military headquarters would have to leave France by 31 March 1967; and that the United States would also have to vacate its bases and remove its personnel and materiel by 1 April 1967.¹

The United States immediately began preparations to move its supplies from France.

22. Retention of Needed LN Skills

a. Bonus Payments. One of the major problems associated with the move concerned the retention of a skilled LN work force in France during the period of turmoil leading up to the relocation of supplies. Without the LN personnel, who comprised 50 to 75 percent of the personnel in different types of logistic activity, the move could not take place within one year.

One factor that had contributed to the stability of the work force in the past was USAREUR's separation-bonus policy. The bonus, consisting of one week's pay for each year of service with the U.S. forces beyond five years, was payable only to LN employees who were separated involuntarily and through no fault of their own. Thus, the bonus system --

¹USAREUR Anl Hist Sum, 1966, pp. 163 - 64.

particularly for the most experienced personnel with long years of service with the U.S. forces -- would tend to serve as an inducement to continue on the job throughout the relocation. Accordingly, when in the spring of 1966 the French Government renewed an earlier proposal to liberalize bonus payments, USAREUR insisted on retaining the existing procedures -- which also followed French industrial practice.

In November, however, the French Government issued a decree establishing a new separation bonus plan for French employees of the U.S. forces. Not only would the French Government pay a separation bonus of one week's pay for each of the first five years served, but those who resigned would be paid the same bonus as if they had been separated involuntarily.² This change in the separation bonus procedures had the effect of lessening the economic inducement for LN personnel to remain in U.S. employ during the critical relocation period.

In the meantime, in June USAREUR had proposed establishing a retention or loyalty bonus to induce LN employees to remain at their jobs. The proposal envisioned a bonus that would be computed at varying percentage rates depending upon the type of personnel involved and the location. Bonuses would be credited to each employee's account and would be paid only if the individual remained on the job until released by the U.S. Army without cause. The French Government rejected the proposal, suggesting instead that the U.S. forces request authority to pay bonuses at specific installations on a case-by-case basis -- obviously a complicated and time-consuming process. The U.S. negotiators rejected this counterproposal in September, and when further discussions in the ensuing months failed to produce agreement, they dropped the issue, since the anticipated resignation problems did not actually materialize.

b. Proposals To Transfer French Personnel. In the spring and summer of 1966 the critical shortage of labor that had plagued the German economy for years continued. Because of this, USAREUR anticipated difficulty in recruiting the estimated

²(1) USAREUR P&A Div Rept, Jul 1965, subj: USAREUR Civilian Personnel Administration, p. 15. (2) Min, 52d Mtg of Civ Pers Coord Com, 14 Jun 66. (3) Ltr, L'Intendant Général de 1ère Classe COLIN, to Directors of the Intendance, 16 Nov 66, subj: Personnel Recruited for the Allied Forces - Separation, w incl. 75-1/ISAAA. (Translated copy.) All in AEAGA-C-CM files.

2,300 additional LN personnel who would be needed to man the logistic activities to be relocated to Germany.

The F.R.G. Ministry of Defense authorized USAREUR to bring French LN personnel to Germany if it could not fill vacancies from the sources of labor available within the Federal Republic.³ In June USACOMZEUR distributed questionnaires to determine the desire and willingness of French employees to transfer to other countries when their functions would move out of France. Of those responding, 64.3 percent indicated willingness to relocate, 20.6 percent were undecided, and the remaining 15.1 percent did not desire to move. Approximately half of those indicating willingness listed conditions that would affect their decision to transfer. USACOMZEUR's analysis of those conditional responses, coupled with analysis of the training, knowledge, and skills of the employees concerned and the demand for those assets in the French labor-market, led to the conclusion that only approximately 9 percent of the French work force would be available for relocation.⁴

Actually only 193 French employees transferred. One hundred eighty of these were appropriated-fund employees who transferred with their functions -- 174 to Germany and 6 to the United Kingdom. The remaining 13 were employees of nonappropriated-fund (NAF) activities.⁵

c. Retention of French Employees After 1 April. USAREUR was able to meet the French deadline for the removal of personnel and materiel, but a number of residual activities continued in France beyond 1 April 1967. For example, installation security and caretaker activities had to be performed until the French assumed control of property; limited support facilities continued to service the U.S. personnel temporarily remaining in France; and several administrative activities remained in being.

In March the French authorities agreed to continue the current labor statute beyond 30 June 1967, thus providing the

³(1) USAFE Fr Ln Ofc Memo, 7 Sep 66, subj: Memorandum-- Special Bonus System. CPL. (2) Intvw, Mr. Siemon with Mr. Frailey, 8 Mar and 1 Dec 67.

⁴USACOMZEUR LN Rept, 30 Sep 66. RCS CSGPA-663.

⁵USAREUR ODCSPER Comd Prog Rept, 31 Mar 67, subj: Civilian Personnel Management. Cy in ODCSPER Civ Pers Div Prog Admin and Eval Br files.

legal basis for USAREUR's continued employment of the LN personnel needed to staff the residual activities. To make it compatible with France's new relationship vis-a-vis NATO, the statute was reworded to expunge all references to Allied forces, commands, commanders, bases, or installations.⁶

23. Reactions of the Work Force in France

As may be seen from Chart 3, there was no significant increase in the resignation rate of LN personnel in France during the first half of 1966. Even after the French Government announced its bonus plan that would offset any penalties incurred by resigning from U.S. employment, the increase in resignations during the second half of the year was relatively minor. Furthermore, personnel gains through new recruitment -- in many cases of temporary workers -- more than offset the losses, so that on 31 December 1966 USAREUR's actual LN strength exceeded authorizations in France (103.2 percent).

In the second half of 1966 USAREUR authorized the hiring of up to 1,200 temporary LN employees over and above the strength authorizations for permanent positions in France and Germany. USACOMZEUR's drive to obtain temporary workers at 5 locations in eastern France was an example of the success achieved in recruiting such personnel. The advertising campaign promised immediate start of work, repayment of transportation costs, up to 20 hours of overtime weekly, a minimum monthly take-home pay of 750 Francs (approximately \$150), and work for 3 to 6 months. Undoubtedly a slight decline in local employment levels contributed to the success of the recruiting drive, but within one month USACOMZEUR had hired 378 of the desired 400 unskilled workers.

There were similar successes in other areas and, in fact, USAREUR encountered no significant problems in either retaining or obtaining personnel in France.⁷

⁶Min, 53d Mtg of Civ Pers Coord Com, 21 Mar 67, Cy in AEAGA-C-CL files.

⁷(1) USACOMZEUR LWR Repts, 30 Jun, 30 Sep, and 31 Dec 66. RCS CSGPA-663. (2) USAREUR ODCSPER Qtrly Rev and Anal, 2d Qtr FY 1967. Cy in AEAGA-C-CD files. (3) USAREUR ODCSPER Comd Prog Rept, 31 Mar 67, cited above.

RESIGNATIONS AND GAINS OF LN EMPLOYEES IN FRANCE, 1964 - 1966

Quarter Ending	Resignations		Gains	
	Number	Percent of Work Force	Number	Percent of Work Force
March)	628	4.0	217	1.4
June)	466	3.3	468	3.3
September) <u>1964</u>	358	2.75	609	4.7
December)	209	1.66	379	3.0
March)	312	2.71	329	2.9
June)	256	2.26	705	6.2
September) <u>1965</u>	396	3.46	810	7.1
December)	182	1.6	682	5.9
March)	356	3.2	416	3.7
June)	433	4.0	1,049	9.7
September) <u>1966</u>	520	4.9	1,117	10.5
December)	586	5.7	791	7.8

SOURCE: Civilian Strength Journal, USAREUR ODCSPER Civ Pers Div Prog Admin and Eval Br.

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24. Labor Service Personnel

a. Legal and Political Considerations. In 1950 the United States had agreed to remove LS personnel from France upon termination of their employment.⁸

There was some difficulty with the Federal Republic, however, on personal documentation for reentry and on social insurance coverage and costs. As it developed, all but 13 of the LS personnel in France did have documentation valid for entry into Germany, and late in 1966 the Federal Republic agreed to permit even those 13 to enter pending final adjudication of their cases on their individual merits. On 23 March 1967 the Federal Republic and the United States agreed on the terms and conditions under which the LS personnel could reenter and be absorbed into the German social insurance system, so that no further legal block to the transfer remained.⁹

b. Morale and Welfare Aspects. Aside from the legal obligations toward other governments, USAREUR also considered that it had moral obligations to the LS personnel and gave serious consideration to the morale and welfare aspects of the relocation.

For example, while the LS personnel would move to Germany at government expense, there was no provision to move their dependents and household goods. USACOMZEUR reported that 539 LS personnel were married and had a total of 857 children; the move of these dependents and their households would cost approximately \$780,000. Since USAREUR had agreed to pay the expenses of relocating the families and households of French employees moving to Germany, it extended the same privilege to LS employees.¹⁰

⁸Ltr, Cen Ln Msn to USACOMZEUR, 2 Feb 67, subj: Polish Members of the American Labor Service. DN/MCLAA/AETC/STA.

⁹(1) USAREUR ODCSPER Qtrly Rev and Anal, 2d Qtr, FY 1967, cited above. (2) USAREUR ODCSPER Civ Per Div Rept, subj: Civilian Personnel Management Actions. In ODCSPER Civ Pers Div Prog Admin and Eval Br files.

¹⁰(1) DF, USAREUR DCSPER to CofS, 28 Oct 66, subj: Payment of Transportation Costs for French Labor Service Dependents, w 4 incl. AEAGA-CL. (2) Cmt 2, CofS to DCSPER, 31 Oct 66, to DF above. AEAGS (28 Oct 66).

Another question involved the payment of separation longevity bonuses to LS personnel. Under the terms of employment in France LS employees were entitled to a separation bonus based on the length of their service with the U.S. forces. This bonus was not subject to French taxes because LS personnel in France were considered "members of the Forces" under the terms of the Status of Forces Agreement. At USACOMZEUR's recommendation, in the fall of 1966 USAREUR approved payment of the full longevity bonus at the employees' option before they left France, thereby enabling them to avoid the tax payments that would be due if the accrued bonus was subsequently paid in Germany. All the affected employees elected to receive their bonuses in France.

USAREUR also decided to maintain unit integrity when relocating LS personnel to Germany, thereby retaining personal ties among the individuals concerned and avoiding the psychological impact of scattering them among units already existing in the Federal Republic.¹¹

c. Wages and Benefits. In France the LS personnel had neither social welfare nor retirement benefits, whereas under the terms of the German tariff agreement they were entitled to health, accident, and unemployment insurance, and could participate in group life insurance and retirement plans. Naturally, all of these programs required payroll deductions for the employees' share, and in Germany the LS personnel were also subject to income taxes, because they were not considered members of the Forces.

Accordingly, although gross salaries in Germany were significantly higher than those in France, net pay was less. As an example, an unmarried semiskilled employee (wage category LS-3 in France, or A-3 under the German tariff agreement) received a gross wage of DM 697 in Germany, including Christmas and longevity bonuses. After deductions for taxes, social security contributions, and insurance, his net pay in Germany would amount to DM 451.79. In France, however, the same employee's pay had been the equivalent of DM 530.36. Married personnel suffered a smaller loss in pay, depending upon their number of children.

¹¹(1) Ltr, USACOMZEUR to USAREUR LS Agency, 8 Aug 66, subj: Longevity Bonus Payment for Labor Service Personnel, France. AFZPA-LS; 1st Ind, USAREUR LS Agency to CINCUSAREUR, 26 Aug 66. AEULS (8 Aug 66); and 2d Ind, CINCUSAREUR to USAREUR LS Agency, 7 Oct 66. AEAGA-CS (8 Aug 66). (2) Intvw, Mr. Siemon with Mr. E. A. Zoellner, USAREUR ODCSPER Civ Pers Div, 13 Sep 67. (3) USAREUR ODCSPER Qtrly Rev and Anal, 2d Qtr FY 1967, cited above.

A further adverse aspect of the relocation to Germany was that the LS personnel no longer enjoyed the exchange, automobile registration, and similar privileges that they had had in France.¹²

d. Accomplishment of the Move. By the time the move to Germany was actually accomplished late in March 1967, the number of LS personnel involved had declined significantly below the original planning figures. Five LS members had died in the interim, and 185 had resigned -- the majority to remain in France. The LS units transferred to Germany carried 978 assigned personnel, and 971 of these actually moved. Of the 7 who stayed in France, 4 were unable to relocate because of illness, 2 were under the control of French police and not permitted to leave the country, and 1 had been declared persona non grata by the German authorities.¹³

25. The Return to the United Kingdom, Belgium, and the Netherlands

Before beginning to hire local nationals in the United Kingdom, Belgium, and the Netherlands to support relocated activities, the United States had to secure agreements with the host nations on the conditions of their employment and administration.

On 10 January USNAVEUR -- the USEUCOM-designated civilian personnel coordinator for the United Kingdom -- obtained the authorization of the British Ministry of Defense by which the U.S. Army could operate a direct-hire civilian personnel program. The British request to observe the wage freeze then in effect was in line with the terms of Department of Defense Instruction 1400.10 that directed U.S. forces to follow local rates in establishing wage and salary scales for direct-hire LN employees. Like wages, conditions of employment were to be established in accordance with those prevailing in the area of the installations concerned, and in consultation with appropriate British agencies -- in particular the Ministries of Defense and Labor. British employment offices assisted in recruiting, and both employees and the U.S. employing agencies had to observe the requirements of British pension plans and health insurance systems.¹⁴

¹²Intvw, Mr. Siemon with Mr. Zoellner, 13 Sep 67.

¹³USAREUR ODCSPER Civ Pers Div Rept, 31 Mar 67, subj: Civilian Personnel Management Actions.

¹⁴(1) Ltr, CINCUSAREUR to USACOMZEUR, 16 Jan 67, subj: Personnel Support in the United Kingdom w 1 incl, ltr, UK MOD to CINCUSNAVEUR, 10 Jan 67. AEAGA-C-CL. (2) Civ Pers Div, U.S. Army Gen Dep, U.K., "Handbook for Employees," 15 Jan 67. Cy in AEAGC-XH files. (3) Intvws, Mr. Siemon with Mr. Frailey, 8 Mar 67, and Mr. Streiss, 29 Dec 67.

In Belgium and the Netherlands indirect-hire methods applied to the employment of local nationals. USAFE coordinated civilian personnel matters in the Netherlands, and USAREUR had the same responsibility for Belgium. On 31 March 1967 USAFE concluded an agreement covering the LN personnel of the U.S. AFCEM Support Element. The agreement called for the Netherlands Government to be the actual legal employer of the local nationals required by the U.S. forces. The U.S. agencies would request and select personnel recruited by local labor offices. All administration and processing -- except for maintaining actual time and attendance records -- remained a responsibility of the Netherlands and was performed without service charge. The Netherlands also paid the employees, subject to reimbursement by the United States, at the same scales as its own defense employees and granted them the same fringe and social benefits, but without according them civil service status.

In Belgium USAREUR was unable to secure a final agreement but did negotiate a temporary agreement that the Government accepted on 10 March. The provisions were essentially the same as in the Netherlands; the National Employment Office was to recruit personnel, the U.S. agencies were to make final selections of candidates for positions, and the Ministry of Defense was to perform all administrative functions concerning the employees except for the time and attendance reports maintained by the U.S. using agency. Belgian LN pay scales were also based on those of the Ministry of Defense; the employees received fringe benefits similar to those of government employees, but they did not enjoy civil service status.¹⁵

26. The Overall Impact

The real significance of the relocation from France was that it concentrated virtually all of USAREUR's supplies in Germany, despite the return of some logistic activities to the United Kingdom, Belgium, and the Netherlands. From the viewpoint of LN employment, for example, USAREUR authorized 774 permanent appropriated-fund spaces for USACOMZEU activities in the United Kingdom, plus 1,808 temporary positions until 30 June 1967 so as to facilitate accomplishing the immediate tasks of organizing

¹⁵(1) Ltr, CINCUSAREUR to distr, 28 Apr 67, subj: Local National (LN) Hiring Agreements for Benelux, w 3 incl. AEAGA-C-CL. (2) Intvw, Mr. Siemon with Mr. Frailey, 8 Mar 67.

the logistic installations and moving the stocks. In Belgium and the Netherlands the combined authorization was for only 493 personnel.

By the end of June 1967 USAREUR had lost over 10,400 non-U.S. civilian employees -- including appropriated-fund, NAF, and LS personnel. Only 369 LN personnel remained on the rolls in France. There had been recruiting problems in the United Kingdom, so that USACOMZEUR had only 665 of its authorized 774 employees. Other Army activities brought the total of appropriated-fund LN employees to 730, and there were 1,337 NAF employees -- the vast majority of the latter EES employees who had been working in Air Force exchanges for years. In Belgium there were 1 NAF and 252 appropriated-fund employees, while activities in the Netherlands employed 62 appropriated-fund and 28 NAF local nationals.

By June another 165 LS personnel who had moved to Germany earlier in the year had resigned to return to France where they had meanwhile obtained residence permits. Coupled with other losses, these resignations brought total LS strength to 556 below the December 1966 figure.

With almost 81,000 out of the combined total of slightly over 89,000 LN and LS employees, activities in Germany employed more than 91 percent of USAREUR's entire non-U.S. civilian work force.¹⁶

¹⁶(1) USAREUR Monthly Civ Strength Rept, 30 Jun 67. Cy in AEAGA-C-CD. (2) Intvw, Mr. Siemon with Mr. Frailey, 1 Dec 67.

EPILOG

THE VALUE AND SIGNIFICANCE OF LOCAL NATIONAL EMPLOYEES

Every civilian employee releases a soldier for a more important military task, whether it be civilian-kitchen workers releasing soldiers from KP so that they can train, labor service guards replacing service troops for more specialized duties, or perhaps skilled medical technicians or contract doctors permitting medical officers to perform field duty with a troop unit. In recent years, with the ever-increasing need to economize on personnel and expenditures, every such release of military personnel for purely military duties was obviously a gain.

The reliance on local nationals rather than U.S. civilians also saved money because European wage rates were considerably lower than corresponding U.S. scales.

Perhaps most significant of all, LN civilians provided special skills and services that would otherwise not have been available. An analysis of the types of services performed by these employees as of June 1966 reveals that continual support of the combat forces of the U.S. Army in Europe was possible only because of their presence. Thus, for example, in overhaul and depot maintenance activities 74 percent of all personnel were LN employees, and in field maintenance activities 79 percent. In the field of repairs and utilities, which involved maintenance of buildings and facilities, local nationals accounted for 96 percent of the total personnel. Similarly, they accounted for 60 and 77 percent, respectively, of the personnel engaged in central supply and local logistic services, 39 percent of the administrative work force and, perhaps surprisingly, 28 percent of those engaged in medical activities.

The above-mentioned activities accounted for 76 percent of the LN work force. Another 12 percent were engaged in hotel

and catering operations, about 6 percent worked in exchanges and other retail outlets, and the remainder held administrative and clerical jobs not directly associated with support functions. A very small number, slightly more than one-tenth of one percent, were employed in educational activities, contributing both to the education program for dependent children and to the on- and off-duty education of military personnel.

In terms of numbers, the more than 62,500 local nationals engaged in support activities released an equivalent number of military personnel for their primary duties. In addition, the labor service units, with more than 7,000 personnel, equalled the strength of approximately 10 battalions, and since 43 percent of the LS personnel were engaged in activities that supported combat units, their direct impact on combat readiness is self-evident. Another 25 percent of the LS personnel performed guard functions, thereby indirectly supporting tactical forces by releasing troops for other duties. The remaining LS personnel, like the majority of LN personnel, were engaged in support activities -- 17 percent in central supply, 5 percent in local logistics, 5 percent in repairs and utilities, and 5 percent in other activities.

A less tangible but nonetheless valuable contribution of the LN and LS work forces was in terms of stability and continuity. For military personnel the normal tour of duty in USAREUR was 3 years; officers and enlisted personnel not accompanied by their dependents served a 2-year tour, and inductees who only had a 2-year total service commitment served at a maximum 20 months after their training time in the United States. During 1966 worldwide Army requirements led to curtailments in the tours of large numbers of USAREUR personnel, thus causing military personnel turbulence that lent even greater import to the stability of the LN work force. In June 1966 about 49 percent of the LN employees had more than 10 years of service with the U.S. Army, and another 20 percent had between 5 and 10 years' service. A high percentage of the LS personnel had served with the U.S. forces since the end of World War II.

Thus, over more than 20 years non-U.S. civilian employees of many nations provided essential services and represented an element of stability and continuity that had become indispensable to the U.S. Army in Europe.¹

¹Statistical data extracted from USAREUR ODCSPER Civ Pers Div Eval Sec files by Mr. T. C. Grubb.

NON-U.S. CIVILIAN EMPLOYEES, 1950 - 1958

	1950*	1951*	1952*	1953*	1954**	1955**	1956**	1957**	1958**
<u>Local National</u>									
<u>Total</u>	166,217	181,923	149,428	84,960	133,494	136,254	112,804	115,114	112,754
Germany			***						
France	164,429	178,608	141,542	74,078	120,896	117,008	92,768	93,729	88,559
Italy	1,788	3,315	7,886	10,882	12,576	19,111	19,455	20,725	19,958
Other									4,007
					22	135	581	660	230
<u>Labor Service</u>									
<u>Total</u>	28,026	29,082	32,227	23,438	25,650	23,640	20,204	17,234	15,837
Germany			***						
France	27,257	27,628	29,834	21,076	23,172	20,881	17,716	15,333	14,004
	769	1,454	2,393	2,362	2,478	2,759	2,488	1,901	1,833
<u>Continental Wage Schedule</u>									
<u>Total</u>	315	386	****	173	244	180	151	138	122
Germany									
France					211	154	125	93	81
Other					32	25	26	45	40
					1	1			1

* End of December
** End of June
*** Includes DA, AF, Navy elements of EUCOM/USAREUR
**** CWS employees included in local national figure for France
***** Does not include nonappropriated-fund employees

SOURCE: EUCOM and USAREUR Command Reports, Annual Narratives, and Histories, 1951 - 1958.

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NON-U.S. CIVILIAN EMPLOYEES, 1959 - 1967

	1959*	1959**	1960**	1961**	1962**	1963**	1964**	1965**	1966**	1967*
<u>Local National</u>										
Total	108,572	114,846	114,416	111,306	111,982	103,689	90,454	93,620	91,783	81,909
Germany	84,293	90,311	88,723	85,651	85,980	80,546	72,784	72,225	72,473	73,568
France	20,251	20,610	21,790	21,847	22,192	19,379	(14,215	12,323	369
Italy	3,812	3,707	3,672	3,581	3,615	3,588	(17,670	3,234	3,194	3,275
Other	216	218	231	227	195	176	(3,946	3,793	4,697
<u>Labor Service</u>										
Total	14,089	13,893	13,560	13,239	13,008	12,730	7,924	7,408	7,912	7,356
Germany	12,314	12,157	11,895	11,643	11,472	11,254	6,506	6,139	6,712	7,356
France	1,775	1,736	1,665	1,596	1,536	1,476	1,418	1,269	1,200	
<u>Continental Wage Schedule</u>										
Total	115	119	116	118	108	109	101	131	90	95
Germany	73	77	76	77	74	78		72	38	72
France	41	41	39	40	33	30		26	23	
Other	1	1	1	1	1	1		33	29	23

* End of June
 ** End of December

SOURCE: USAREUR Annual Histories, 1959 - 1966, and Semiannual History, June 1967.

APPENDIX A

CHRONOLOGY

<u>Date</u>	<u>Event</u>
<u>1942</u>	
31 July	European Theater of Operations, U.S. Army (ETOUSA), formalizes policy for recruiting British civilians through the British War Office, which also administers and pays them.
<u>1943</u>	
August - September	The Mediterranean Theater of Operations, U.S. Army (MTOUSA), establishes labor offices in Sicily and authorizes labor unions.
3 September	Allies sign armistice with Italy.
1 October	MTOUSA institutes uniform wage scales and employment conditions for Italy and provides a 48-hour, 6-day workweek.
13 October	Italy declares war on Germany.
10 November	Allied Forces Headquarters (AFHQ) establishes the Allied Control Commission for Italy.
<u>1944</u>	
February	MTOUSA provides Italian employees meals at their places of work and deducts costs from their pay.
26 May	ETOUSA formulates policy for employment of enemy nationals, primarily as involuntary workers under the provisions of the Hague Convention.
29 June	First French labor office opens in liberated area of France.
6 July	Supreme Headquarters, Allied Expeditionary Forces (SHAEF), agrees to pay family allowances to eligible Allied civilians employed by Allied Forces.
20 July	ETOUSA reaches agreements with Luxembourg concerning the procurement, administration, and pay of its civilians employed by U.S. forces.

DateEvent

11 August	The United States and the United Kingdom agree on policy for employing British civilians with U.S. forces on the Continent.
September	French Government agrees to pay under reciprocal aid all civilians, except U.S. and U.K., employed by Allied forces in France.
11 September	First American troops enter Germany.
18 September	ETOUSA reaches agreement with Belgian Government concerning procurement, administration, and pay of Belgian citizens.
October	ETOUSA establishes maximum and minimum wage categories for displaced persons (DP's) and German employees.
17 October	ETOUSA publishes directive for administration and pay of Belgian civilians.
1 December	French Government assumes responsibility for administering the French civilians employed by the U.S. forces in the Paris area.

1945

5 February	French agencies assume administrative responsibilities for local nationals (LV's) employed in eastern France.
1 March	SHAEF restricts employment of Germans to essential menial tasks.
April	Wage scale is revised for laborers and for clerical and administrative personnel in Germany.
8 May	V - E Day.
May	French Government prohibits further movement of its citizens into occupied Germany for employment with Allied forces.
30 May	ETOUSA adopts a standardized contract for Allied and neutral employees in Germany.

<u>Date</u>	<u>Event</u>
13 June	ETOUSA authorizes employment of both skilled and unskilled German labor when no qualified displaced persons are available.
1 July	ETOUSA is redesignated U.S. Forces, European Theater (USFET).
5 July	USFET redesignates the U.S. contingent of the disbanded 15th Army Group as U.S. Forces in Austria (USFA).
9 August	German agencies become responsible for administration and pay of local nationals employed by U.S. forces.
2 September	Lend-lease/reciprocal aid program ends; U.S. forces pay Allied and neutral civilian employees from appropriated funds.
1 October	General Eisenhower redesignates the U.S. Group, Control Council in Berlin, as the Office of Military Government for Germany (U.S.) (OMGUS). USFET abandons nonfraternization policy in Germany.
8 October	The Allied Council in Austria permits Austrian workers and employees to form trade unions and to engage in collective bargaining.
31 October	War Department sets first personnel ceiling for USFET and gives authority to hire civilian personnel to meet requirements.
November	USFET authorizes hiring and arming German civilians to guard military installations.
December	USFET establishes a 60-day typist training school for German women.
<u>1946</u>	
9 February	USFET demilitarizes former Recovered Allied Military Personnel and integrates them into labor service (LS) units.

<u>Date</u>	<u>Event</u>
March	USFET authorizes German and DP personnel to organize into employee groups and form trade unions.
11 March	USFET establishes the Continental Wage Scale (CWS) for British and Danish civilian employees of U.S. forces.
13 March	USFET bases pay scales for LS personnel on Polish Army rates, and charges the pay of LS personnel in Germany to occupation costs.
June	Allied Council grants the Austrian Government the right to control wages.
1 July	CWS applies to all Allied and neutral employees of U.S. forces.
<u>1947</u>	
1 January	USFET closes civilian recruiting offices in Belgium, Denmark, Holland, Luxembourg, and Switzerland.
9 January	French Government authorizes AGRC-EA to use Polish and Baltic LS personnel in France.
15 March	USFET is redesignated European Command (EUCOM).
31 March	EUCOM phases out the Western Base Section and closes the civilian recruiting offices in France.
May	EUCOM hires industrial police as security guards.
31 May	Civilian recruiting offices in Great Britain close.
30 June	USFA establishes termination policies for Austrian employees.
14 September	U.S.-Italian peace treaty becomes effective.
15 December	MTOUSA is inactivated.

DateEvent1948

16 February	The United States and France sign the Civil Affairs Agreement -- the legal instrument for the subsequent establishment of a line of communications (LOC) through France.
20 June	Currency reform in three western zones of Germany introduces the <u>Deutsche Mark</u> .
1 July	Displaced Persons Act, permitting the immigration of 250,000 displaced persons to the United States over a 2-year period, becomes effective.
12 August	In line with the currency reform, EUCOM establishes a new LS pay scale that ranges from DM 186 to DM 700.
1 September	German constitutional convention meets in Bonn.
1 October	Post commanders in Germany assume all functions of classification and administration of German employees.

1949

23 May	USFA, relieved from assignment to EUCOM, becomes an independent command under JCS.
21 September	Federal Republic of Germany (F.R.G.) is formed, Allied High Commission is established, and the Occupation Statute is promulgated.
1 December	EUCOM activates the 7966th EUCOM Detachment in France.

1950

1 January	EUCOM inactivates AGRC-EA.
2 March	U.S.-French LOC negotiations begin.
July	EUCOM converts industrial police to LS personnel and organizes them into units.
6 November	The United States and France sign the LOC agreement.
24 November	Seventh Army headquarters is established at Stuttgart.

Date

Event

1951

15 February France approves LOC augmentation.

15 July EUCOM establishes EUCOM COMZ with headquarters at Orleans, a Base Section at La Rochelle, and an Advance Section at Verdun.

1 September EUCOM COMZ creates two pay schedules based on prevailing wages in French industry.

1952

January EUCOM COMZ pays LS personnel part of their monthly salaries in MPC's.

25 April Post commanders in Germany assume administrative control of technical LS units not assigned to technical services.

26 May Allied Forces and the Federal Republic sign the Bonn Conventions.

1 July EUCOM removes charges for quarters attendants from occupation costs budget.

German agencies assume administration and payment of German civilians employed by the U.S. forces.

July EUCOM publishes new LS pay and rank schedule, with monthly pay of DM 186 to DM 1,000 and ranks from recruit to colonel.

1 August General Mathew B. Ridgway assumes command of the newly established U.S. European Command (USEUCOM) with headquarters at Frankfurt. EUCOM becomes United States Army, Europe (USAREUR).

August French personnel receive wage increases of 15 to 22 percent.

1953

23 August U.S. Senate ratifies the NATO Status of Forces Agreement.

2 October U.S. Air Forces in Europe (USAFE), acting as LN coordinator in France, agrees to the proposed French Personnel Statute.

Date

Event

1954

1 January The French Personnel Statute becomes effective; it governs employment of French civilians by Allied Forces.

1955

1 February Allied Forces and the Federal Republic put into effect the Collective Tariff Agreement, which creates uniform wage rates and outlines working conditions, overtime rates, and fringe benefits.

25 February USAREUR grants a children's allowance to married German LN personnel with three or more children.

1 March U.S.-French agreement reinstates the displacement allowance for LN personnel and creates a single transportation allowance based on railroad fares.

5 May The Allies grant sovereignty to the Federal Republic of Germany; occupation ends.

17 October USAREUR grants LS personnel in France PX and quartermaster gas and oil privileges, pay in MPC's, and use of American Express banking facilities.

October Inactivation of USFA; last U.S. troops withdraw from Austria.

26 October The U.S. Army Southern European Task Force (USASETAF) is established in northern Italy with headquarters at Verona; it is directly subordinate to USEUCOM headquarters.

1956

May U.S.-F.R.G. conferees adopt interim tariff agreement for LS personnel, abolish the military rank structure, and apply the titles of "worker" and "employee" to various job categories.

<u>Date</u>	<u>Event</u>
8 June	Department of Defense instructions concerning LN employees align U.S. employment practices with those of host countries.
1 July	USACOMZEUR grants French LN personnel an 8-percent wage increase.
27 July	USAREUR introduces new CWS pay scales and 40-hour workweek.

1957

1 January	COMZ is redesignated USACOMZEUR.
1 January	USACOMZEUR increases its contribution toward the retirement pay of supervisory personnel.
February	Quadripartite agreement provides for continued use of German citizens in units designated as civilian labor groups (CLG) and employed in noncombatant services.
July	U.S. Forces Civilian Personnel Coordinating Committee is formed in Italy to establish policies on LN employment.
1 August	USAREUR introduces a 45-hour, 5-day workweek for German LN personnel.
1 September	Basic agreement, covering direct hire, employment conditions, and wage schedules, becomes effective in Italy.

1958

1 January	USASETAF comes under USAREUR's jurisdiction.
15 January	USACOMZEUR grants an 8-percent across-the-board wage increase to French LN personnel.
1 August	USACOMZEUR grants wage increase of 3 percent for salaried employees and 5 percent for hourly-paid workers.

Date

Event

1959

- 1 January USAREUR increases wages for retail sales personnel, institutes group insurance program for LN personnel in Germany, and pays premiums for the insurance amounting to 2.5 percent of the employees' pay.
- April USASETAF reduces retirement age for LN personnel from 65 to 60 years for men and to 55 years for women.

1960

- 1 January A new French personnel statute establishes a separation indemnity, creates an end-of-year bonus for exceptional service by hourly-paid personnel, and increases travel allowances.
- 1 July USACOMZEUR grants wage increases of 2.5 to 9.6 percent to salaried employees and of 2.5 to 12 percent to hourly-paid workers in France.

1961

- 1 July French LN personnel receive a 3.7-percent across-the-board wage increase.

1962

- 1 March French LN personnel receive a 3-percent wage increase.
- 1 June USASETAF establishes new pay schedule for Italian LN personnel, which includes pay increases, a cost-of-living allowance, and summer bonuses.

Date

Event

1 July USACOMZEUR grants French LN employees a 4-percent wage increase.

1963

1 July French LN personnel receive an increase in pay, and a revised seniority system that raises their wages an additional 2.7 percent is introduced.

10 July The wages of Italian LN employees increase by 8 to 35 percent for different categories of personnel.

1 December USAREUR increases wages of CWS employees to meet the levels of the civilian pay schedules of USNAVEUR and the American Embassy in London.

1964

1 July USACOMZEUR raises wages in France from 6 to 10 percent for hourly-paid workers and from 3 to 5 percent for monthly-paid employees.

5 July USASETAF cuts workweek for Italian employees from 44 to 40 hours and increases the cost-of-living allowance by 1.7 percent.

October USAREUR establishes four "composite" civilian labor groups with surplus LS space authorizations.

November USAREUR introduces new CWS wage schedule that has 10 steps in all 15 grades, with salaries ranging from \$1,148 to \$9,890 a year, and revises allowances in Germany and France.

1965

1 January USASETAF adopts new schedule of separation allowances for hourly-paid workers. Cost-of-living allowances increase 1.3 percent for all personnel.

<u>Date</u>	<u>Event</u>
30 March	USAREUR keys CWS allowances to those provided for in Department of State regulations.
1 July	USAREUR increases CWS wage schedules, with salaries ranging from \$1,212 to \$10,523 per year.
1 December	USAREUR headquarters discontinues its Labor Services Division and organizes the USAREUR Labor Services Agency as an Assigned Activity.

1966

January	The Department of the Army directs implementation of the civilianization program, which calls for substituting civilians for military personnel.
29 March	The French Government declares its intention to withdraw its military forces from NATO by 1 July. The United States must vacate its bases in France and must remove its personnel and materiel within one year.
1 July	USAREUR grants across-the-board wage increases of 4 percent to French LN employees. USAREUR enacts a new CWS wage schedule ranging from \$1,274 to \$11,132.
1 December	USAREUR and Seventh Army headquarters merge at Heidelberg.
16 December	Collective Tariff Agreement II concluded in Germany; wages range between 162 and 175 percent of the 1955 rates.

1967

10 January	USNAVEUR and U.K. Government reach agreement on employment practices in the United Kingdom. It provides for a direct-hire system under which the United States hires, pays, and administers LN personnel.
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<u>Date</u>	<u>Event</u>
10 March	USAREUR negotiates temporary agreement governing LN employment in Belgium under indirect-hire system.
14 March	USEUCOM headquarters moves from Camp des Loges, France, to Stuttgart, Germany.
31 March	All USACOMZEUR headquarters, units, and supplies are out of France, except for the Military Liquidation Section, which remains to turn over the U.S. bases to the French.
31 March	USAFE reaches agreement for employment practices in the Netherlands, under which the local government serves as employer and is reimbursed by the United States.
1 April	USACOMZEUR headquarters moves from Orleans, France, to Worms, Germany.